

ODUSD-AR
ACQUISITION REFORM FOCUS GROUP
PERFORMANCE BASED SERVICE CONTRACTING
(MULTIPLE GROUPS)
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FINAL REPORT

MS. BROOKS (PRESIDING): Good morning. My name is Pat Brooks. I'm with the DOD Acquisition Reform Office. Christine had just told me she just found out yesterday that she was coming here. So probably like most of you, you're wondering why you are here, right?

Don't know anything.

PARTICIPANT: Just a day out of the office.

MS. HEINBAUGH: You'll be sorry you said that.

MS. BROOKS: That's right. Now that you're here, I can think of a number of things that I need for you to do. So we've got a full couple of days planned for you.

Hopefully, we are all here to talk about performance based service contracting.

Now I'm not here to teach a class on performance based service contracting. You guys are here to teach me about or tell me about performance based service contracting.

For those of you within DOD, remember one of the initiatives that Dr. Kaminski identified a couple of months ago, one of the four initiatives he's working with the Department to address over the next couple of years, one of them is service contracting.

For those of you on the civilian side of the house, you probably have seen memos and things from OFPP and OMB that we should be doing more performance based service contracting.

And so what we're trying to do is trying to I guess figure out what are the issues, problems, concerns, or whatever with doing performance based service contracting in terms of what do we need to do to promote use of this.

What are the issues, what are the problems with doing it. Why aren't we doing performance based service contracting.

You remember some of you may have been involved with the PT pilot programs in the last year or so where they looked at, identified various industries as they worked with different agencies that have volunteered to do generic type statements of work in certain industries on performance based service contracting.

What I'm hoping to get from you guys over the next couple of days is to tell me, is the problem, are the concerns with how to do the statement of work, is that what's the issue, do you need training on that.

Is the problem there are public policies, legislation, regulation in place impacting or presenting a barrier to your doing performance based type contracting.

Any other kinds of things that you, having to deal with this every day, can let us know.

So from the information we get from you, we can make recommendations back to our senior leaders as to what appropriate steps we need to take.

Now DOD is sponsoring this but we are working very closely with the OFPP. This is a joint effort between DOD and OFPP to try to flesh out the issues and the policy.

This is the third session that I've done with focus groups just on performance based service contracting.

Some of you should have received, when you got your acceptance letters, what I attached to those acceptance letters is some input from the first focus group that we did on performance based service contracting.

That group met and dealt basically with environmental restoration. That was one of the big areas of concern, particularly for OMB in dealing with EPA and the Department of Energy with the Superfund.

They put a great deal of emphasis in looking at EPA and the Department of Energy on environmental restoration.

This should lead to reductions in cost. This should lead to fixed price contracts and all of those kinds of things. We are by no means saying that performance based will automatically get you to fixed price or those kinds of things.

All that we're trying to do here with these sessions again is to try to flush out the issues and determine some appropriate steps that government-wide we need to take.

Yesterday, I did a session similar to this one where we dealt with what we call what is classified as installation and depot type services where you're doing janitorial, food service, what they typically refer to on installation as BOSS contracts where you get all of these things locked in together.

Today, we're looking at a mixture of things. Hopefully I've got a good mixture in here, people that are dealing with information technology, research and development, health care.

We identified transportation and professional, technical, and management services.

In my mind, personally, those type things, those type services present a different challenge, a little bit different from your janitorial services, your guard services and things.

So you guys will either confirm that for me, that there is something different, there are some other issues and concerns, or we'll see from the results that it's not.

Now you will get copies of the previous reports, full copies of the previous report. It was about 30 to 40 pages, so there's no way I can send that out. So I'll just kind of -- trying to summarize some of the chief points there.

But before you leave tomorrow, we will give you a full copy of the report that was done on the environmental restoration.

We just finished yesterday's session, so that won't be available for another week or so.

So sometime over the next week or so, you will receive not only the final report from this session, but the session that we had yesterday.

And I think you will be able to see and we see from looking at this input, we're getting a good mix of issues, concerns.

One of the things that I noted from just the information yesterday versus what I had done last week, I think last week's team meeting, what I got out of that was the group identified in a way processes how to write the statement of work, how do you do your QA plan, and all of those kind of things.

Just glancing at that and looking at the material from yesterday, I didn't get so much the process but they addressed issues and concerns. What kinds of things you should be thinking about as you're doing your requirements document and things like that.

So I've got a good marriage, integration of ideas here where we can take a look at it, flesh out the training requirements, if that's what we need, policy issues, if that's what needs to be changed, new policy or even legislation.

So as we go through this over the next couple of days, there is no magic way of doing this. We've got an agenda kind of laid out but we don't have to stick with that.

We can be very flexible here and just make this thing work for everybody.

We are anticipating going probably until 4:30, 5:00 o'clock today. Tomorrow, I'm anticipating that we will probably be out by noon, when we break for lunch. That will be it, unless we really get bogged down into something.

I'm anticipating that by noon tomorrow, you'll be able to -- I will have gotten everything out of you I can get out of you, and you'll be ready to get out of Dodge, if you will.

Let me get a sense of where you're from, and tell me if you think that you're doing performance based service contracting already.

(Introductions made.)

PARTICIPANT: There's still some folks that resist doing our services.

MS. BROOKS: Why?

PARTICIPANT: They want to control the operations. Our mission is primarily performed by contractors. So contractors perform, I'd say, 95 percent of the mission. We have terminal commanders who do not want to release control of their operations to civilians. They want to control these guys, just like they were green shirts.

MS. BROOKS: Her comment was that she has resistance to doing performance based service contracting because her commanders don't want to lose control.

My question is, and you may not be able to answer this, why would the commanders feel that they are losing control because all that performance based service contracting is saying is that there's a change in the way that you describe your requirement.

Instead of telling the contractor how to, when, all of that, you are describing it in terms of output. What is the outcome that you want? What do you want the end result to be?

That doesn't automatically, in my mind, relinquish control. There are still terms, conditions, clauses and things that you still put in the contract that give you some rights and responsibility.

PARTICIPANT: They want to control the day to day operations every step of the way from the time the cargo enters the port to the time it leaves. I understand what you're saying but it's hard getting that across to them.

MS. BROOKS: So we've got a cultural problem. Okay.

(Introductions made.)

MS. BROOKS: We do have industry partners that we invited to participate and get their perspective on this, so that we've invited them to all of the sessions that we've done, and it's been very good.

(Introductions made.)

PARTICIPANT: I could echo her comment about control. That seems to be an issue basically. But the other part, I would say that anything involving litigation is not usually something that you can refer to performance based.

MS. BROOKS: You can or cannot?

PARTICIPANT: It's difficult to because of the changing requirements, you can't predict what litigation is coming up, in what form it's going to be, and you can't predict the level of support that you may have to provide to the attorney and litigating staff.

PARTICIPANT: I feel that the Department is moving out on the performance based contracting to the degree that we can do it. I think this might be a good session here, especially, since the problems faced by technical and professional services, which we buy a lot of.

One of the things we're doing, a lot of these contracts are ordering type contracts. In the past, the contract was set up with a level of effort and you would issue a task, and they would basically firm up this level of effort. Quite often, they would get a fixed fee and it would be a cost plus fixed fee type of contract.

They would get a fixed fee basically if they supplied the level of effort satisfactorily.

What we have gone to now, we've picked away the level of effort part of it, and put minuses and maximums in the contracts, maybe hour-wise or dollar-wise. But the task is more of a stand alone type instrument now.

One of the big drivers in the performance based contract is the statement of work. OFPP has looked at some of our statements of work, and they don't like them, but the problem is they're ordering type contracts. You can only go so far in definitizing a statement of work for a task ordering type contract.

Where we're going to make it work is in the task orders themselves, writing definitive task orders and we're also assigning the fee to the individual task order and putting incentives on the individual task order, so that he will be rewarded for his performance of that task. He won't get the fee simply for supplying warm bodies to do these. He will be evaluated on how he performs that task.

Most of these evaluation provide for a cost factor in there, most of these contracts provide for various types of tasks to be issued. Certain ones may be issued under fixed price and other ones under a cost plus incentive type basis.

So I feel that we are moving out on this one. Basically we're looking at every service contract that comes along to see the degree to which we can include performance based type of provisions in there.

(Introductions made.)

PARTICIPANT: Right now, at customers from the commissioner to assistant commissioners, there's a big push to get into PBSC.

Echoing her again, we have cultural problems with technical people wanting to get over that. But I think that can probably be solved with training, because they really don't know how to come up with incentivizing the contract or anything like that.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: We're having difficulty in trying to turn research into performance based because the scientists, they want to start out at point A and they want to try to get to point B.

As time goes on, something else might come up and they want to verge off from that. And a lot of the scientists don't like the hands off approach to PBSC because a lot of the projects they're working, it's not only government but it's also other contractors whether profit-making or non-profit or university, and they are all very intertwined in the work that they're doing.

So that makes it very difficult as far as trying to make on contractor totally responsible for the work.

We're not really sure how you set up performance standards for universities or non-profits, and how you go about incentivizing them.

PARTICIPANT: You could give them more work.

(Laughter.)

MS. BROOKS: Are you doing cost-sharing?

PARTICIPANT: We have cost sharings with universities and non-profits. We do have cooperative arrangements that may involve cost sharing and then of course without profit-making, we have a lot of cost plus fixed fee contracts.

We did take one of the contracts we have in our office and made an attempt to convert it all to performance based contracting. Now that we're in the administration phase of that contract, we're finding that we should have rolled the expenses up to just a little bit higher level than what they're at because it's making the evaluation incentives very time-consuming because we put them at too low of a level.

And we also set up some what this gentleman said. We're calling them performance orders instead of task orders and within those performance orders, we are trying to make that as performance based as possible with cost schedule and technical incentives.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: We feel that we've been doing performance based statements of work and we're now beginning to wander in the area of direct health care providers. You certainly can have a qualified individual you bring on board. You certainly can list the types of services that they will be expected to perform.

But in the health care arena, so much is driven by what happens, say, in the emergency room, if you have emergency room physicians or techs, so on the day to day basis, the direct health care provider performs in accordance with the requirements at the site. So that affects the way you write your statement of work.

MS. BROOKS: So you're contracting for the providers and you come into the hospital and you treat whatever.

PARTICIPANT: And with physicians in particular, they used to be written as non-personal services. What's happening now is Army is saying, make all the physicians personal services so they don't have to pay their own malpractice insurance. They're covered under the Federal Torts Claim Act just as federal employees are, and we're hoping to divide up our costs that way.

But what happens then, there's a whole bunch of personal service contracts where you are sort of personal service and sort of not when it comes to physicians.

We also do various things with technicians and they're qualified individuals. They come to work and we list the jobs that they would be expected to perform. Then the contracts are cut in terms of hours. They're not incentivized, they are firm, fixed price.

MS. BROOKS: Okay. That's an issue that I'll bring up later, but I think -- it seems that everybody assumes that if you go to PBSC, you should be incentivizing the contract. And we're going to talk about why.

(Introductions made.)

PARTICIPANT: One of the things that you just touched on, incentivizing is a problem because we have pay cap issues. We are not allowed to see certain pay levels that the contractor provides.

MS. BROOKS: That's because you're doing it as personal services?

PARTICIPANT: No, that's just overall direct health care provider.

An individual contractor is only allowed about \$250,000.

PARTICIPANT: Some of the physicians are getting very close to that right now.

MS. BROOKS: These are like hired on as government employees?

PARTICIPANT: No, they're contractor employees.

MS. BROOKS: So the pay cap issue, you've got to educate me.

PARTICIPANT: We have a statutory pay cap issue.

MS. BROOKS: In health?

PARTICIPANT: In health.

MS. BROOKS: Okay, I get you.

PARTICIPANT: Then the other constraint that we have is a base level problem, and that's the budgetary problem, and therefore they're not going to be willing to put out some kind of incentive, when he's trying to reduce the cost of the contracts.

Those are the issues for us.

Also the education of the customers as to what exactly is a bonus base. There's no comprehension of that issue. They feel that in order to get what they want, they have to tell the contractor what to do.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: Aside from the projects we've pledged to the OFPP, I'm not aware of any performance based contracting we've written.

MS. BROOKS: Can you tell us which ones you've pledged to OFPP?

PARTICIPANT: One of the ones that I pledged was for housing inspection services. When there is a presidentially declared disaster and an individual applicant, as we call them, is interested in receiving

federal aid, we have an inspector, who's a contractor, that goes out, inspects the damages and determines whether it was preexisting, deferred maintenance, or it was directly attributable to that disaster, and if so, how much the damages are.

And then that information is fed to FEMA. We determine, based on our programs, how much they're eligible for, whether it's a grant or a loan.

A lot of our contracts are very political by nature, as far as there is a disaster, there's a lot of news coverage, they want to see inspectors out in the area so that it shows that there's a presence. So the contract that we pledged was, prior to that, a specification-based statement of work, where we told the contractor how many inspectors and supervisors to bring out to the site for the work.

So in turning this into a performance based contract, we've essentially said what we're buying are completed inspections and allowed the contractors to determine how they're going to manage the workload.

MS. BROOKS: Now is that one of those that resulted from -- did you give to OFPP one of those generic kind of statements of work?

PARTICIPANT: No. Actually the statement of work was sort of driven by our senior procurement executive and we just, through meetings, said this is the way, we took the old statement of work and we took about ten cuts at it, and finally got it to the point where we agreed it was a performance based statement of work.

But the problems that the other people are mentioning, a lot of it is a culture, you know, they're used to having specification-based statements of work. And now you're sitting down with the program office and saying, okay, this is a new initiative that we want to try to implement here, performance based contracting.

And you explain it to them. Being fairly new, even to the procurement people, we were kind of feeling our way through it, and eventually, on this project anyway, we were able to convince the program office that it's the right thing to do.

As it turned out, it wasn't a project that lent itself completely to performance based contracting. There were certain elements of the project that FEMA had to keep control over. That is taking information from the applicants and we supply that to the contractor.

As the computer system fails, it impacts, it sort of has a chain reaction. It impacts the timeliness of contractor performance of inspections, so it's not as though we turned the whole project over to the contractor and said, we want completed inspections, and you have complete control over the process.

So it's kind of a mixture. We have other elements in that that we've used. As far as incentives, we have multiple contractors so the incentive is the contractor that out performs the other contractor will receive a larger portion of work.

That's what the industry said they wanted.

MS. BROOKS: One of the other things I'd like to come out of this, and we'll discuss this some more, is one of the things you mentioned.

As they went through this, they finally realized that whatever service that he was buying didn't lend itself to PBSC, so I think we need to talk about that and see if we can identify some factors, some criteria, something that we can say, if you ask these questions and get this answer, then more than likely this won't fit. You can't go through PBSC.

PARTICIPANT: Other than the things that are disaster or FEMA-specific, we've been relying a lot on other agencies' contracts.

We're working one right now in information technology with the NIH who has several contractors already in place for various services.

I mean, the corps is GSA-scheduled by computers and that was pretty much it as far as it related to other agencies.

Now with the application of services, before it was GSA services, even though they put handling fees on them, that's something we consider before we start the procurement, is there another agency that already has a contract that they've competed in place in this work.

And we then focus on those that are specific to FEMA that nobody else does.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: I think one of the problems we're having with performance based contracting is that for the people who work there every day, there is no incentive for them to stay. So while IT is an enabling function, most people who really study information technology don't want to push paper.

It's not that they want control, they want to get involved. They studied this in graduate school, undergraduate and now we're saying to them, hands off, let someone else do it.

Well, that may be so and that may be the case but good, bad, or indifferent, we're going to lose those people because we're basically telling them someone else is going to do it.

Some other problems when I worked in procurement, and I guess I should say I used to do award fee contracting, and I evaluated small business plans in our small business office when I was there.

Theoretically, I was saying, okay, performance based contracting is a good thing. Now that I'm in the technical arena, there are initiatives that come from our NASA CIO office that change sometimes the scope of what we're doing because it changes the statement of work.

We have payroll consolidation, our mainframe is consolidated at the Lewis Research Center. We have different things we change almost every day, and our users are constantly responding. We have about 3,000 mainframe users.

We are getting people from NASA headquarters, the requirements are changing, the support levels are changing. So I would think if we could get training out there to really specify in the statement of work what we expect as far as knowledge.

In IT, there's a basic assumption that because you know mainframe, if you say you know IT, that doesn't mean you know everything in IT. You need to be really specific as far as your knowledge and skills.

We're having a problem now because with our help desk, they want to put lay administrators on our help desk. Well lay administrators don't necessarily know everything regarding the help desk, and the help desk function, for a lot of people, is a menial function.

But this is the first line of customer support that you provide to your users. So if you cannot convey that your help desk is very important because your help desk is terrible, you're conveying a very poor negative image.

We're watching a slow death because we can't tell the contractor what to do specifically. The only thing, as a task monitor, I can say is, look, I'm getting complaints, you've got to do something. And then we're supposed to stand by and wait for them to come up with something but it's like watching a slow death.

And the other thing, as task monitor, they don't want me necessarily to get in and help. I'm not supposed to do anything at all then, just basically guide and go to meetings.

But I've studied IT. I mean, I've gotten a master's degree.

PARTICIPANT: That's where I think partnering becomes important when you have performance based contracts. We've had somewhat similar experience, as she's saying, not with IT, but when we switched over to performance based, people who were used to doing the work or were more active in it felt that they had to be hands off for the contractor.

And through training sessions, we said no, you are to work with them through a partnership because you do have knowledge about how things are done.

The bottom line is it's the contractor's responsibility to perform, but I think that we need to work as a team to find solutions to problems. That's how we've addressed it.

So we told our project monitors who work out in the field during disasters with the contractor, you need to sit down with them if there's a problem and not just say go fix it, but find out, you know, work with them and get a written plan, how do you plan to fix this.

And if it doesn't look like it's going to work, then you need to work with them.

PARTICIPANT: I guess another thing, my message is a little unorthodox because we have a help desk and one day I said, okay, I need to know before I evaluate you, I need to know what your day is like.

So I worked the help desk. I answered the calls, I juggled, because I wanted to know, what are you doing, and it was just a clear vision of what was going on at the help desk. Because if you have no idea, you've not done it at all, that's the thing that makes me a little skeptical a lot when people who write the statement of work.

You need people who are actually doing the work to write the statement of work because from a hands off perspective, you don't know what it's like.

The other thing is we have a requirement to get our time, leave and earnings statements as input. The lady called up, there are two people that do it. One person called up. As task monitor, I'm committed to getting our customers' requirements done.

I input the time cards with the other person. There were no errors. I mean, I stayed until 9:30 key entering 2,000 time cards.

Now for performance based contracting, that is a definite no-no, should never have been done, but time, leave and earnings statements are important to our customers.

So do I let it fall and just watch a slow death because it would not have been done? Or do I jump in and help?

MS. BROOKS: We won't go into detail, but a number of the issues that you brought up to me it's not an issue of whether it's performance based or not. There's surveillance monitoring, contract administration kinds of things, so it doesn't matter what kind of specs you issue. You've got some additional problems there that need to be addressed, but we'll get more into that.

(Introductions made.)

PARTICIPANT: I work primarily in a warning research and development contracts. And for the other people who have thought up the task order, task order contracts are our primary line of contracting.

We have not gotten into performance based contracting on this simply because we have never been able to figure out when you're doing research and development on ships and things like that, how do you make it performance based when you are doing research and development. The outcome is really an unknown quantity in there.

I also do IT contracting for services, equipment. I have done performance based specs for supply contracts and that works very well as far as I'm concerned.

But we have not gotten into the performance based services contracting.

MS. BROOKS: For any of these services?

PARTICIPANT: No.

MS. BROOKS: Right now you said what's driving it is how do I write the specs?

PARTICIPANT: Right. And especially again, I go back to the fact that there are task orders, statements of work of those contracts are very broad and very general. You don't get into the specifics until you issue those orders and tell the contractor exactly what it is you want to do.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: We are in the last stages of procuring two contracts to implement managed care throughout the country. We also contract for other types of support services, actuarial support, consulting services, peer review.

We currently do not use performance-based contracting. We're starting work on our next phase. It's called Tri-Care 3.0. We're going to attempt to do performance based contracting.

MS. BROOKS: Going to attempt?

PARTICIPANT: Right now, our specs, they would be a detailed spec. They are prescriptive.

MS. BROOKS: Okay.

(Introductions made.)

PARTICIPANT: The library is now on performance based contracting for the first time in the history of their contracting. It's been on contract for at least 15 years. And it was a struggle for us to do the statement of work.

When you are a service-oriented body, your goal is to satisfy your customer. And even though we have things that we do on a normal daily basis, to be sure of certain aspects of library services, okay, we have to show a book, we have to have the journals available at certain times.

And you can write the specifications to say the journals will be reshelfed in two hours. But how does that relate to service to the customer?

Does that make the customer happy if the contractor fulfills that requirement.

So we had a problem deciding how we're going to measure service, how we're going to measure customer satisfaction if what we're telling the contractor to do is to do so and so numbers of books in so and so hours.

How does that relate at all to customer satisfaction?

And then we had a real struggle with doing the performance evaluation plan. What do we evaluate to show the value of the contract? To show how this is functioning?

Are they really doing well? They can meet all the specifications and do a wonderful job of shelving when we say shelve, but I mean that makes them good at what we told them to do, but how does that relate to whether or not the scientists are getting what they need when they need it?

MS. BROOKS: Did you have a fixed price or a cost?

PARTICIPANT: Cost plus award fee.

(Introductions made.)

PARTICIPANT: Basically what we do in our department is deal with what I would call professional type contracts. We are not geared, as far as I know, as a contract specialist in our services, as far as utilizing performance based type contracting.

We are trying to just say merge with the acquisition office and the program office as far as to try to identify how we would get into that arena of generating our next procurement for performance based.

We have, as far as I know, identified two on-going contracts as performance based. I cannot say intelligently if we have generated the statement of work around the performance based. Those two contracts are shuttle services and travel services. So I cannot again say that they were generated utilizing the performance based contracting format.

(Introductions made.)

PARTICIPANT: In 1978, I started writing statements of work. I was a control freak. I had to put every design description I could find in a contract to make sure the contractor had the people, the

schedule, the materials, the equipment, where he needed, how many he needed in each facility. It was really to the extreme.

And I went toe to toe with our contracting office and our SJ on how the end of the world was going to happen if I couldn't put each of those things in the contract.

We were living in a fixed price, one year, low bid scenario, and we were getting people that bid a third below the government estimate consistently as our awarded bidder.

That's the only way I could assure that there was going to be enough resources to do the job.

Well, when OFPP PM-4 came out in 1981, I recognized it as a very revolutionary tool, and I saw a couple of things.

One was I could just describe outputs. I could say I want you to do this task and upon completion of this task, it's going to be like this.

So I went to that in 1981. I've written about 20 or 30 performance work statements since that time for different installation services. They range from things like fixed price microcomputer repair, copier services.

I came up with a cost-per-copy, if you've heard of that, in the eighties. I invented that concept and had to go to court to make it be a viable thing.

Anyway, there's a variety of services; elevator construction, landfill construction, refuse collection. We've put things in our contracts in these performance work statements that have a little bit of design because they're required by law or regulation. We really have to meet exactly this particular statute or regulation.

And the same exact contract, you know, I could put it in a spec that says, in the first 60 days of your contract, I want you to get with a third party engineering firm, and come up with kind of like a value engineering type proposal for us for this project.

So, you know, you can say all sorts of things to save the government money. I'm a real believer in performance work statements. I feel like that's really solved a lot of problems for us and saved a lot of money for us since 1981.

MS. BROOKS: I think we have one over here.

(Introductions made.)

PARTICIPANT: The Army Research Lab is basically an R&D installation and because of that, we do basically task and delivery order type contracting.

We haven't gotten so much into performance based service contracting. There are very few service contracts per se. Most of it is R&D contracts.

So I don't have much experience in dealing with these types of contracts. But I do know that there's a push on to get more into that. And we're willing to learn more about it.

MS. BROOKS: So today, you guys are going to be giving us input. We're not going to be teaching today at all. We're collecting your ideas, your thoughts, your problems, and trying to come up with a plan to Dr. Kaminski to OFPP that kind of lays out some steps and processes and things that we can take government-wide, be it a change in policy, legislation or whatever.

If we do these kinds of things, then this will help to do performance based service contracting. We're seeing that more and more.

Now, we're going to get into kind of what we had laid out today. And let me make sure that I have addressed everything that I wanted to.

(Pause.)

MS. BROOKS: Okay. I've addressed everything that I want to.

Any comments or questions before we get started?

PARTICIPANT: In the last couple of groups, what did they come up with as far as barriers that are out there among statutes?

MS. BROOKS: Well, the two that come to mind are the Service Contract Act and Davis-Bacon because, you know, they're dealing with Davis-Bacon in the environmental restoration, and that includes construction and all kinds of things.

In the service contract that came into play because, particularly when you've got these bundled contracts where people have performances at different locations, so your labor rates are different based upon region.

Those were the two primary things that I remember that were brought out.

So we're looking for similar type things from you guys.

For me, personally, I can see information technology that we should be able to get there for some of the things in information technology, I'm not so sure on some of the other areas that are addressed here like the R&D and some of the transportation.

I think when you look at the OFPP initiatives and the industries that they have tackled in their pilot project, they have been those types of services not in the high tech area, like the guard services, like the janitorial type things.

I think those were the easy ones to tackle. When you get into the more complex type of service requirements, I think that presents a problem.

The other thing that I also see is a couple of folks have mentioned task order contracts. Typically when you get to the task order contracts, you also have similar type issues that I saw on the installation type services where you have bundled requirements, you have various type services there.

So it's difficult again to describe your outcome, what's the output that you expect from each of those services. They're integrated. Are you just talking about the final output over here that says my machine is fixed, my LAN is set up or do you have to do each one of those separately.

I think as we get more into doing this type of contract, then that's going to make us take a look at what we've bundled or consolidated together, what's a reasonable effort, you know, the types of service that you kind of lump in there.

Yes, that appears to be, you know, the way we're going with the LAN via consolidated requirements, but these things are going to make us kind of step back and revisit doing those type requirements.

That's just my personal opinion right now, just kind of listening to the folks at these sessions over the last week or so.

What will result from this is, in the training packages that we develop, there'll be a video tape, I don't know, desk manual or whatever. We will probably be getting back to some of you guys to help us to review that, participate in that.

We just completed a video tape. I did a similar session back in December on multiple award tasking contracts for another focus group. From that, we decided the training package would consist of a video tape and scheduled satellite broadcasts, but what we were able to do was identify four active multiple award tasking contracts.

The Department of Energy has one, the Air Force has a desktop 5 contract, HHS, and I forget who the last one was. We actually went back to the agencies and said, hey, we wanted to utilize your contract to make teaching points here. So we're utilizing the contracting. We've got the contracting officers who have actually awarded the contract, the program manager that -- the requirements, and even some of the contractors.

They reviewed our script. They are part of the tape, so we'll be getting back to you guys, depending on what method that we want to use. We'll come back to you guys to review the material so that we know that we've got everything in the order, and if we can further get your participation.

I'm going to turn the program over now to SOZA. I do have a contractor supporting me here. They will be serving as the facilitators and explain to you how to use the system.

What we have done is identified about eight to ten different areas that related to performance based service contracting, such as developing the statement of work, developing the QA plan, developing evaluation criteria, that we would like for you to take a look at, give us your comments, tell us your issues, lay out a process.

These are the steps and how to do this. This is how you would write a performance based statement of work. I mean, it kind of free-for-all. Think outside the box. Go as far whatever you think needs to be done.

That's what we need to hear from you. Don't be hemmed in by the eight or ten different areas that we have identified, if you feel that something else -- we'll need to add another category or boxes, as we call it, that's fine. We can do that. If you want to change a title, we can do that.

There's nothing that we've set up right now that's carved in concrete, so you kind of based upon the area that you're dealing in, we can make some changes.

What we had attempted to do yesterday -- and I don't think it's necessary for this group, we had the tables separated by one side of the house, the folks who were dealing with installation services, the other side with depot services, because we had gotten conflicts, different opinions as to whether these type services were the same.

But as we got into looking at the input yesterday, it didn't really matter because they were all coming up with basically the same kinds of issues, concerns, and things like that.

So I don't think it's necessary for us to make that distinction today, whether you're R&D, IT, I think as we go through, we'll be able to see the similarities and be able to look at some of the uniqueness of some of the things that have come up, and be able to identify it, depending upon the services that you're doing.

So at the tables are people who are dealing with IT, some people dealing with R&D, but I think basically the way we have it set up in your discussions, you can still come to an agreement, if you will, as to what kind of information to put in there. Again, I'm anticipating that we will be finishing up about noon tomorrow.

Okay, any other questions or comments before we get started?

MR. BEJARANO: As I said, this has been an evolution. Right now, I believe we have ten different categories. These are categories that we're looking for your input on, as we look at performance based service contracting.

So probably one of the key ones, and probably the most important one of course is the requirements definition itself.

We have there secondly the quantifiable performance standards, the quality assurance plan, the incentives, what's going to be the evaluation criteria, the savings that are involved, impediments, liability, criteria for making -- this is one of the ones that came up yesterday and it was very interesting -- what are some of the criteria for considering whether or not a particular contract should be under PBSC. In other words, performance based contracting. Then also procurement/program office teaming, the teaming effect.

Any comments or thoughts?

Yes?

PARTICIPANT: Was there any discussion yesterday about commercial acquisition for providing services?

MS. BROOKS: What was the question?

MR. BEJARANO: Commercial acquisition.

PARTICIPANT: Is a commercial item performance based?

MS. BROOKS: Most of your services now are determined to be commercial.

PARTICIPANT: It's just off-the-shelf. Most of the stuff is off-the-shelf.

MS. BROOKS: We're not talking about products, services. A lot of the requirements now are based upon the FAR definition. A lot of the activities are now set up. This meets the criteria for commercial acquisition under FAR Part 12, Commercial Services.

PARTICIPANT: If we were to expect certain customers to service things because we want to be customer-service oriented, we would put those things under quantifiable performance standards?

MS. BROOKS: You'd incorporate what?

PARTICIPANT: Things that we require that we think are customer service oriented, because we want the customer service orientation to be interwoven into the very fabric of how we do business, interwoven through each one of those things.

MS. BROOKS: It would be interwoven in your statement of work, how you measure it. That would be a part of your standards. The incentives should be based upon whatever levels of satisfaction, so these are --

PARTICIPANT: What happens if you have service level agreements and you have different requirements and different needs for different customers?

Then in a performance based statement of work, would you incorporate those different customer needs there, or would you do the most stringent customer needs and address them there?

MS. BROOKS: What's the difference? You have a certain level of customer needs. Then you're going to go stringent, which is? Are you saying now you're going a little bit further than what your requirements really are?

PARTICIPANT: No. I'm saying that you have different customer needs. However, some customers require different frequencies, they require 24 by 7 operational support, whereas some customers may only need four hour response time. Some people want it immediately.

So when I say the most stringent, I mean the strongest level of support, do you just address it uniformly that we want 24 by 7 because --

MS. BROOKS: No, because then you're not meeting somebody's needs.

PARTICIPANT: No. If 24 by 7 is the most stringent, then everyone else is going to meet it, but then we're overstating --

PARTICIPANT: It costs you more money, though.

PARTICIPANT: That's what I mean, so how do you address that?

MR. DENHARDT: I think what you're really talking about is individual pockets within NASA. You really need to deal with the computer operation center needs 24 by 7 whereas the guy sitting at his desk only needs four hour response time.

What you have to do is segregate those out so that the contractor knows this group must have 24 by 7, whereas the four hour response time within somebody working at his desk is okay.

You have to delineate which level you want to be at.

PARTICIPANT: Now different people pay different amounts of money. We have a pool, whereas our financial group may pay more money so they expect more, whereas procurement may only be paying in a certain amount, and they expect, for the same areas, so you're saying address those in pockets.

MR. DENHARDT: I can't see where in a performance based contract you would say you need 7 days a week, 24 hours a day service to somebody who is only there 8 hours a day, five days a week. You're expending additional sums of money for something you don't need. So you're going to have to segregate that out and even though people are putting into a pool of funds --

PARTICIPANT: You wouldn't say 24 by 7 if they're only there eight, but if they're there 24 by 7.

MR. DENHARDT: That's what I'm saying. You have to delineate exactly what service you want for this group. You could say this is a group one, this is a group two, and this is a group three.

Therefore, group one people require 7/24, group two people require four hour response, group three require one hour response.

PARTICIPANT: Because I think the problem we're having is we address the average and we have people above that and we have people that need less than that.

So I mean, I'm hearing that we should address specifically what the differing needs are. Okay, that's a good point. Thank you.

MR. DENHARDT: By the way, I'm Tim Denhardt. I work with Pat. You all are wondering who I am. I'm walking around here.

(Laughter.)

MR. DENHARDT: I was walking by you guys that were having a good conversation.

MS. BROOKS: I'm sorry. Tim is on detail with us from NSA so he's going to be with us for about a year, so he is a contracting officer and so those things that I don't know, Tim will be able to tell you, and if neither one of us knows, somehow between the two of us, we'll be able to get you an answer, I think.

MR. BEJARANO: Okay. Again, we have ten categories and now maybe we have a little bit of time to look at them.

Is there any other category that anybody here in the group feels is missing that we should definitely address as a category during the course of our workshop here.

Does everybody feel pretty good that it's pretty much all encompassing?

PARTICIPANT: I was trying to find, to see where we have an education plan for the customers, after you develop this performance work statement.

MS. BROOKS: That's a given that we will be doing training, and depending upon the topics and things like that, yes, we will be doing the training to requirements folks, to contracting folks.

PARTICIPANT: I don't know if I'm talking about the same type of training you are. After you develop a performance work statement, you really change the way things are done, you've gone in and done a job analysis, you've dropped a lot of services, you've picked up services, you may have done something like it's never been done before.

Every contract that we look at that happens, so we have to train the post, train everybody, this is how you now get this type of service.

I'm wondering, if you don't do that, --

PARTICIPANT: You've got to tell them that there's a new way of doing business.

PARTICIPANT: And a marketing thing too.

PARTICIPANT: We've done it two ways. We've done it sort of it's like kickoff meetings that we have with the contractor. We go to our regions who use the contract and explain to a few of the key people there what the differences are between the old specification based contract and the new performance based.

We also have more formal training sessions for people where we talk about what is a performance based contract, and how does it relate to the job that you're now going to be expected to do.

It's critical. We actually had our contract awarded at the first disaster that we used the services on, and the people out in the field were never told that the services went from specification to performance and they didn't know what to expect.

PARTICIPANT: Is that an impediment? The thing you have to do when you finish?

PARTICIPANT: It could kind of come under the teaming procurement and program office teaming. That's something both offices have to get together.

PARTICIPANT: It could be broken out in pre-award/post-award.

PARTICIPANT: Actually it's a transition to the new contract.

MS. BROOKS: But that's something that each one of you, each agency would do internally.

PARTICIPANT: That's right.

MS. BROOKS: So again, it would come after you've gone through all of these things. That last bullet there, that's why I see that for our purposes right now, that would be where it would fit.

So based upon whatever kind of training that you determine was appropriate for your folks, you would go back and pick up training among whatever areas, other areas we've identified there.

PARTICIPANT: I think you'd want to cover it both in your procurement plan, as well as your administration, contract administration plan.

MS. BROOKS: Your acquisition plan.

PARTICIPANT: I think I understand her point.

PARTICIPANT: It's not something everybody does. It's just as important as requirements definition and quality assurance, to give you a transition plan. It's a major assumption of writing the performance work statement.

PARTICIPANT: Also we call it managing our users' expectations.

A lot of times when you have a service problem, it's because users think you provide a service that you don't. So they're complaining and complaining and complaining that we're not for instance training them, and then we have to say, oh, well, we don't train.

MS. BROOKS: So we add another bullet there that says transition planning.

MR. BEJARANO: Is that what you want to call it, transition planning? Okay. We'll add it. Let me put that up there now.

Why don't we add it later when we get to the actual categories?

MS. BROOKS: So we'll make note that we're going to add transition.

PARTICIPANT: It would be after evaluation criteria.

MS. BROOKS: These are in no particular order there.

PARTICIPANT: Okay. I'm a chronological type of person. The first five kind of are chronological, but anyway.

MS. BROOKS: ...[W]e're going to start with a report now. So we'll start with each group going through each of the categories and reporting out and walking us through.

PARTICIPANT: You're going to have them on our screens?

MR. BEJARANO: You're going to have that on your screen so you can actually see it. All modifications and changes will be done by the technographer back there.

MR. BEJARANO: Good morning. How are you all doing this morning? Everybody has their coffee and their pastries or doughnuts or whatever. We have some fresh fruit this morning.

This morning, as I was saying yesterday, is what we call our subgroup report-out. Each of your subgroups or tables, whichever you want to call yourselves, has had their assignment.

Most of you have a couple of categories to report on. Table 1 only has one, because that's probably one of the largest categories, and we're probably going to spend the most time.

Just based on experience from previous groups, this one does take a while to go through to make sure that everybody fully agrees and understands the contents of the requirements definition.

As we go through these, the idea is, of course, for the subgroup to walk us through the main ideas, and it will then be main ideas, the actual comments behind those ideas.

But, again, if you remember our ground rules--and this is where I really want to caution you--we want to make sure that we stay on track and focused.

There are close to 300 comments that we need to go through this morning. If you look at all the categories, the total count that I looked at this morning is close to 300.

We'll really want to key on those comments that are substantive and that you want to discuss as a group and clarify, if there are questions about those specific ones, or add to.

But as we hit a comment everybody looks at it because you'll have it on your screen also at your table.

If there really isn't a discussion because everybody basically agrees with that comment, we want to move right through that and on to the next one. If not, we have scheduled ourselves two-and-a-half-to-three-hours to do this.

It will take us that long, believe me, because of the number of comments, and, of course, because the subgroups will want to actually ask questions of the rest of the group as to agreement, disagreement, or clarification.

But again, keep in mind as we're going through. Keep in mind as we're going through. I'll make sure that you stay focused and you yourselves.

Since you're sort of facilitating as a subgroup, the actual clarification and conversation with the rest of the group, keep in mind that we do want to be very focused.

Any questions before we start?

I. Requirements Definition

MR. BEJARANO: Define objectives and determining outcomes is our first idea. This Table is going to take the lead.

You can do it right there sitting down. You do have to speak up a little bit because everything that we discuss here is actually being recorded by our Court Reporter at the back so that you can get a full transcription later, do so speak up.

PARTICIPANT: I'll start up. I'm Alvin. Tina will jump in when appropriate.

We had initially come up with four subheadings under the Requirements Definition categorizer. One was added at the bottom, which really did not require any additional comment.

But as we went through the four subheadings, we felt, especially under the ground rules, where we don't delete anything, we felt that several could be combined.

We noted that especially under Number 2, that could be combined, that is determining outcomes could be combined with defining objectives.

Likewise with Number 4, Constraints, there is another topic on constraints, impediments, and we felt that was more appropriately combined with the Impediments Category.

So, as we looked at how we could best combine and make this more concise, we actually, in the end, came up with one broad subheading, and that is basically defining objectives, determining outcomes, and overall requirements.

But we don't really have a problem with that, because this is, after all, requirements definition, and that is, I think, the thrust of this category.

So, most of the effort should be surrounding coming up with the actual requirements definition.

So, that's how Tina and I looked at it in trying to consolidate and combine these four main subheadings under this category.

MR. BEJARANO: So what we're saying is that determine outcomes really should be merged under the very first one.

PARTICIPANT: We've done that. We've already done that. If you look at the comments under Number 2, we've added those to the comments under Number 1.

PARTICIPANT: There were some that were actually duplicates.

MR. BEJARANO: I see.

PARTICIPANT: So where they needed to be added. Does everybody else in the group agree that we'll merge the two together and have all the comments under define objectives/determine outcomes?

Does that make sense? Okay, why don't we do that then.

Let's just merge it.

Before we go forward then, let's open up the objectives and look at the comments that we had there. Are there any that really require to be highlighted or clarified?

PARTICIPANT: I think what's probably most important in that first one, defining objectives, in terms of outcomes, is to really put a lot of work into performing an extensive job analysis.

I think that's the meat of that whole category. You see under that, determining the customer needs, and although it says there, determining needs and wants, I would think that it should concentrate more needs, because we oftentimes want much more than we are allowed to get.

That's why we follow that with ensure only minimum needs. That's what the regulations and the statutes say.

The government should only purchase its minimum needs. So, we think that's important there.

1. Define Objectives/Determine Outcomes

- Perform extensive job analysis including the following steps:
 - Define the functions, sub-functions, and tasks
 - Determine what customers needs and wants are. Insure only minimum needs are identified.
 - Delete tasks that are unnecessary or duplicative. Avoid over specification of description of requirement.
 - Clearly establish deliverable and other reporting requirements.
- Perform task analysis to include: frequency, resources, licenses or certs required, regulatory or statutory requirements and reporting (automation).
(DUPLICATES OTHER COMMENTS)
- Define measurable objectives/outcomes and how they will be measured.

PARTICIPANT: This, too, we thought, was very similar to the Number 1 bullet; that is, define objectives and determine outcomes. They're very closely related.

And we were trying to come up with a distinction between the two. We feel, more or less, that the first one, define objectives and determine outcomes, deals more with looking at the overall picture, getting your planning and trying to

decide exactly how the solicitation will be handled administratively, and making sure you have your team together, the whole nine yards, administratively.

Whereas the third bullet here, determine overall requirements, may be looking more at the actual work to be done, more so the requirement rather than the administrative planning, the solicitation.

Looking at it in that light, we distinguish the two that way, but they are, I think, closely related. They certainly would look at both more or less at the same time.

MR. BEJARANO: In conjunction with each other?

- How to measure achievement of the outcome
- Define what will constitute performance completion under the contract.
- Determine incentives
- Link to programmatic/mission objectives
- Link to customer service level agreements = what level of service is promised to the customer.

PARTICIPANT: Question: I'm not personally familiar with the term, customer service level agreement. It may be called something else; what is that?

Customer service level agreements?

PARTICIPANT: I believe that was Kimberly's comment that was put in there.

It's dealing with an IT hope chest. What she was referring to there is, what has her office promised to their customers by way of level of service that they will provide?

PARTICIPANT: We didn't add that comment, but what I took it to mean is that looking at the comments that everyone else added, we have memorandums and agreements with various Army and DOD customers that we service.

We have to key what your contract provides to what you've agreed to provide under your memorandum of agreement.

So, I looked at it in terms of MOAs with other agencies.

MR. BEJARANO: Was that what we were trying to capture, the level of service?

PARTICIPANT: I think that says it.

MR. BEJARANO: Is that clear for you now, Bob? Okay. Any other comments or clarifications that we need on this one?

- Define baseline considerations
- Define technology considerations
- Identify performance standards and when ever possible, rely on industry standards.
- Define quality assurance requirements and identify quality assurance measurements.
- Discuss contract type and any special terms and conditions.
- Determine if requirements can be consolidated with another agency contract.
- Review all references. Correctly cite any mil or fed specs/stds (latest revisions). (GOAL IS TO MOVE AWAY FROM MIL/FED SPECS AND STDS.)
- Consider industry capacity/capability

2. Determine Overall Requirements (Develop IGCE)

PARTICIPANT: Yes. Important here, I think, is to identify legitimate requirements, and to challenge non-PBSC requirements, because oftentimes technical people will put in specifications the old government way, and we have to be mindful of that, and just try to not let those old type of requirements intrude into the Statement of Work.

Also important is, I think, again, to consider technology risks, particularly as it regards the type of contract, because that could play a big part in how we go about the solicitation.

MS. BROOKS: Clarify that one for me. Technology risks as related to the type of contract? I don't understand that.

PARTICIPANT: Depending on what type of risks are involved with this requirement, you may decide to go out with one type of contract versus another, a cost contract versus fixed-price.

We need to determine how we want to assign our risks, whether we want to put more risks on the contractor or the government, depending upon the type of technology we're dealing with.

MS. BROOKS: Your typical kinds of considerations?

PARTICIPANT: Right. At least I see that probably being in an R&D environment. We're constantly considering those kinds of things.

MS. BROOKS: Okay.

PARTICIPANT: And then again, perform a market survey, we felt, was closely related to the first bullet about defining objectives and determining outcomes. Oftentimes this is a good idea to do something like a pre-award, or pre-solicitation synopsis to give a better feel for what's out there in terms of contractors who might be able to perform.

Something like that may help us further define our requirements, but recognizing that this type of maybe pre-solicitation synopsis is not required in all situations. It may really depend on the type of requirement that you have.

Probably, the more technically difficult requirements, the higher risk type of requirements may use something like this.

PARTICIPANT: One of the things that we've been using is pre-solicitation notices and pre-solicitation conferences, basically to determine if the industry has the capability to do what we want it to do, and coming up with a lot of consolidated solicitation requirements.

We're finding that there's not a single contractor out there that can do that volume. There needs to be some kind of a partnership arrangement.

There's a good deal of resistance in the transportation industry to some of the changes that we're making in the way that they do business.

It identifies those kinds of problems up front. You get those out of the way before you get the solicitation on the street.

PARTICIPANT: And based on this, you may want to go with a multiple award situation rather than putting all of your eggs in one basket with one contractor.

You may see that the capabilities are just not there with one contractor doing all four awards.

PARTICIPANT: Why would salary considerations be of interest?

PARTICIPANT: I don't know. That was not one of our comments. I'm not sure.

PARTICIPANT: Can anybody speak to that?

PARTICIPANT: Are they pertaining to salary? If you have a requirement that you're not sure how to budget for, and once you do the market survey, request for comments, you can also request cost information.

I'm assuming, just speculating that maybe that's what the salary is there for.

PARTICIPANT: On the contractor side, I think the contractors will be reluctant to put in the qualifications and pricing data or salary.

PARTICIPANT: I can only assume that it's referring to the funding level, how much funds are here.

And you have to consider possible potential salary categories that you will be dealing with.

PARTICIPANT: Again, I believe that that was a comment that Kimberly had put in from our group. Again, she's looking at IT people whose salaries, because of additional training, additional education, might start to go up.

If you're in a cost type situation, I guess rather than asking for exactly what the salaries are, that maybe get some idea of what's the potential for those salaries going up dramatically during contract performance.

MS. BROOKS: But when you award the contract, don't you have a fixed level here that they're obligated to provide a person at that rate for whatever your period of performance is?

PARTICIPANT: It depends on how you write the contract. You could or you couldn't.

If you do a straight cost reimbursement contract, then you go in with what at that time you estimate that cost is. But that doesn't mean that you're locked into that.

But if you did fixed labor rates within that contract, then, yes, that's where you would be.

MS. BROOKS: But I'm saying, isn't that what we typically do with fixed labor rates?

PARTICIPANT: We don't.

PARTICIPANT: We tend to use fixed labor rates.

PARTICIPANT: So do we, in an R&D situation, but I can see this being relevant at the requirements stage. As you're trying to determine what your requirements are, how are you going to get it?

You may feel, after bringing in all your team members--you may decide to require this requirement.

As it comes to your table, it may require more than the funding that you have. It may require certain types of personnel that are just too costly.

MS. BROOKS: I agree with that, but because salary is the only cost item that's identified here, I would look at that in terms of my funding level, and I would say, look at overall costs.

In my mind, salary isn't going to be the only determinant that you're going to want to consider.

Have I described my requirement beyond what I can pay for? I think these are the kinds of tradeoffs I think that you're trying to say need to be considered here.

Again, I totally agree, but just the salary one is the big one. That's what I don't get.

PARTICIPANT: Like I said, we didn't put that in, but I can see how it may be appropriate here.

We talked about personnel categories.

MR. BEJARANO: Cindy, did you have a comment?

PARTICIPANT: It could be what the resource analyst would do, putting it together in-house as far as if we know there's a similar or like requirement out there that we have in existing contracts where we have an idea of the types of companies that might get this job.

And if we have other contracts with these people, we can go into those for historical data as far as what are they currently paying these people to get a rough idea on what the overhead and everything like that is.

Also, Joan reminded me that I did put that comment in, and it's because in our particular environment, NT system administrators, you need to get an estimate from industry on how much those people are commanding.

Those things, like there's a low supply and a great demand. So, like COBOL programmers, COBOL programmers right now are getting \$100,000 in industry, whereas before the Year 2K problem, they were probably getting about \$50,000.

So you need to know what's going on out in industry. You can't just say, oh, our clerk typist is making \$10 an hour. Well, depending on what's going on in industry, a clerk typist might be making \$50 an hour.

So your cost estimate could be grossly understated. I think we're in a situation right now because they didn't take into account, things like Windows 95, NT, the whole IT environment that's just quickly changing.

It's different. IBM is doing this. Everybody is leap-frog'ing each other.

So you need to have an idea.

MR. DENHARDT: What I'm hearing is, everybody is talking about developing your independent government cost estimate, right? Is that a term that we can all use to describe that whole bucket right there?

PARTICIPANTS: Yes.

MR. DENHARDT: Develop IGCE, it doesn't matter.

MR. BEJARANO: Are we saying overall requirements and develop IGCE?

PARTICIPANT: I think so.

MR. BEJARANO: Develop IGCE, okay, good.

- Identify legitimate requirements; partner with program personnel and use historical task data.
- Challenge non-PBSC requirements
- Consider only the minimal needs

- Consider technology risks (typical type of risks)
- Perform a market survey or issue a request for comment to obtain input from industry; include salary and technology considerations/advancements.

3. This Area Needs The Most Intensive Training Effort!

II. Quantifiable Performance Standards

MR. BEJARANO: Quantifiable performance, here we go.

PARTICIPANT: Before we comment on this, can I say that my fellow table member, Mark, does a completely different type of service contracting, completely different type of services than what I am used to.

So it was an education for me on some of these things in here and I personally agree with them, talking about his type of contracting and what he has to do. I can see some of his points.

MR. BEJARANO: Are applicable.

PARTICIPANT: So I thank him for educating me on the different type of services that he provides.

PARTICIPANT: Everybody here does different types of contracting, so the overall idea of converting to performance-based, I think everybody is struggling with trying to decide what are just the general concerns and what are very specific performance-based type contracts.

PARTICIPANT: We did some significant consolidation here. We lumped a lot of items into the physically measurable outcomes.

I think everybody had a wonderful time explaining things here, just kind of identifying or acknowledging that you do need to be able to measure things, or put the industry on notice as this is the standard we're going to hold you to.

But without a specific requirement, it's kind of difficult in generalities to say, okay, this is it or that's it. So, we lumped a bunch of ideas under physically measurable outcomes.

I think that was really the only consolidation.

MR. BEJARANO: But as far as your main ideas, these are pretty much stand-alone. Everybody agrees that those are good categories as far as quantifiable performance? In other words, they have the applicable measurable industry standards, the schedule, the productivity, the customer satisfaction, the cost reduction, and then all the others, as you say, lumped under physically measurable outcomes?

Okay, does everybody agree with those? All right.

Let's click at that first one. Go ahead.

PARTICIPANT: Again, here we had some time listing possible industry standards. ISO 9000 is something that's being accepted across industry as far as quality assurance.

There are others in the IT area now that can be applicable.

MS. BROOKS: FIPS standards?

PARTICIPANT: Those still come into play, as it relates to performance-based.

They're kind of on the periphery sometimes, for example, like encryption standards. If you're going to give the contractor the opportunity to set up a shop of some kind that has to be linked through telecommunications, that's going to be a remote location and they're going to have to encrypt out to the government side or whatever.

They have to be made aware that that's what they're going to be held to as far as producing that output.

MS. BROOKS: Is that also--I'm not familiar with IT. What is it, ANSI? What's that industry standard?

PARTICIPANT: It's an organization.

PARTICIPANT: It's an organization kind of governing IT standards.

MS. BROOKS: Get those again, FIPS, and ANSI.

PARTICIPANT: Just for people who may be unfamiliar with an IT environment, whenever you transmit anything over the Internet, it's unsecured. That's why I mentioned encryption.

Whenever you transmit financial data, you can't transmit financial data over an open line, because there are really smart people who can access it.

MS. BROOKS: Encryption.

PARTICIPANT: For example, in the litigation industry, I can't remember what the acronym stands for but NEAIMM is an imaging organization that tends to establish standards or guidelines, for example, for the quality of an image when you're converting paper documents to an image.

So whatever the area you're in, there are usually some kinds of organizations that are attempting to establish guidelines or standards. I mean, that's kind of part of the market research dynamics.

PARTICIPANT: Can I just make one correction? ISO-9000 is not a registration certification. It's a process you have to go through.

MR. BEJARANO: That's right. Yes?

PARTICIPANT: In health care, I don't know, I can't remember what this acronym stands for, HEDIS, H-E-D-I-S. It measures health care outcomes.

There's also NCQA which is an accreditation that hospitals can obtain. They have to apply for it, it's not a rubber stamp. It's a measure of quality.

PARTICIPANT: NCQA. It's an accreditation.

PARTICIPANT: There's the JACHO,
J-A-C-H-O, under Army hospitals' standards.

MR. BEJARANO: Okay, JACHO. Sounds like JACHO. This is?

PARTICIPANT: Military hospital standards, accreditation standards.

MR. BEJARANO: Any others that we haven't captured?

PARTICIPANT: Malcolm Baldrige.

MR. BEJARANO: That's the Excellence Award, Malcolm Baldrige.

Any other comments?

1. Applicable/Measurable Industry Standards

MS. BROOKS: Let's go back for a minute. I mean, these are all good. I'm glad that we talked about it.

But as I sit here and look at these, would we keep them here as quantifiable performance standards versus standards in their quality assurance plans as to how they're going to do their processes in accordance with those standards?

PARTICIPANT: It can be both.

MS. BROOKS: It can be both?

PARTICIPANT: Yes, because we would spec something now where the deliverable has to meet this standard when we inspect it. That's the standard that we need to set. I viewed it anyway as going into both areas.

MR. DENHARDT: I'm trying to figure how I can get a deliverable that's ISO-9000, that's a quality standard, that's a process, it's not a deliverable. So how am I measuring my deliverable when I'm looking at a process?

That's a certification. I know exactly what it is, I know what it does. But that's a measurable in my deliverable. How does that apply?

PARTICIPANT: It doesn't.

MS. BROOKS: I think we need to move that to the QA arena.

PARTICIPANT: What about evaluation criteria? That's one of the things you might look at in making a best value type of evaluation of a potential contractor, whether or not they are ISO-9000 certified.

MS. BROOKS: Or the hospitals. But then you could make it, you could also have it in your evaluation that one of the hospitals must have the certification.

MR. BEJARANO: What are we doing? Do you want to copy in both places, or do you just want to move that particular standard?

MS. BROOKS: I would say copy it in both places.

MR. BEJARANO: All of them or just the ISO-9000?

MS. BROOKS: All of these.

- ISO 9000 certification (quality standard)
- FIPS Standards; ANSI, ENCRYPTION
- HEDIS - measures health care outcomes
- NCQA - an accreditation
- JACHO - military hospital accreditation standards
- Malcolm Baldrige excellence award

2. Schedule

- Timeliness and accuracy
- Measurable response time

3. Productivity

PARTICIPANT: I guess I saw productivity, I was thinking more like a big picture.

If you look at this move towards out-sourcing as an extended version of performance based contracting and also in the IT arena where the big push is to justify your return on investment, increasing the productivity of that program, and lowering the overall cost of that program.

We are being pushed to break those types of those requirements into contracts so that the outcome assumes that goal.

And I don't know how you get that across, if that's really a standard or something that should be looked at here, I don't know.

MR. BEJARANO: Any comments from the group?

PARTICIPANT: We use measurements of productivity in our terminal operations contracts.

The contractor has to load and unload the ships within a certain time frame, so how fast he produces is a measurable outcome really.

In some of our contracts, we've used goals they have to meet. In other cases, we've used it as incentives.

If they've exceeded the productivity, they can get the vessel turned around faster than what we've required, then that's an incentive.

- Contractor must reach the objective so how he produces is not important.
- Increasing the Government's (program) productivity can be a performance measure.

4. Customer Satisfaction

PARTICIPANT: Here again, you're going to look at it as a kind of fuzzy service, more like a help desk function like we talked about. You may have to have a service level agreement with different organizations or different groups within the organization, and/or regular surveys that are done either anonymously or the organization being surveyed is explicitly identified. A lot of this is also tied to past performance and that whole area as well.

- Linked to customer service level agreements; could be identified through focus group sessions with customers.
- Satisfaction surveys

5. Cost Reduction

PARTICIPANT: I don't know again, in all the discussion about out-sourcing, a lot of times we have programs that are fee-based programs that are, for example, collecting debts.

We get three percent of every debt that's collected and three percent is applied to funding the program and continuing the program, or looking into possibly out-sourcing that entire program for the fee to be shared with the contractor so that we would look to possibly reducing that, however that would be.

How this could be applied to the other programs obviously depends on how the program itself is structured and the government organization itself is conducting this mission.

MS. BROOKS: But isn't this, from your explanation, isn't this more of an incentive rather than a standard that you can measure?

PARTICIPANT: Sure.

MS. BROOKS: You can measure schedules, you can measure productivity. Those are standards. But you need to put standards of customer satisfaction that you can measure.

Based upon your explanation right here, cost reduction, I don't see this as a standard. Possibly you're leaning more toward using some type of incentive arrangement. How would you measure this?

PARTICIPANT: How would you measure it?

MS. BROOKS: Look at our topic, our categorizer. Quantifiable measurement performance standards.

PARTICIPANT: I guess we need to think about more production type work, whether processing claims or something like that, and if the cost to process a claim or complete a transaction.

I mean, I see where you're coming from. It's something you would have to measure, but it's also an incentive.

I mean, you would want to incentivize it as well because if they do meet that, you would want to give them a share of cost savings or something like that.

MS. BROOKS: That explanation, I can see it here, but we need to make some type of notes down there so I can remember why we left it here.

PARTICIPANT: Maybe what we're talking about is more cost control, as opposed to cost reduction. You could control costs within a sort of target level, I would imagine, as opposed to actually reducing them.

MS. BROOKS: But that's still tied back to cost incentive, you know, where you have your target costs and then what actual costs are. And again, that's not a performance standard. That's still into incentive.

I almost saw it based upon one explanation that he had, but I don't know how to word it.

PARTICIPANT: But would we, the government, want to be looking, if we have a contract set up, that says if you do a job in two hours, I'm going to pay you x amount, but if you can do that same job in an hour, I'm going to pay you x dollars more because you've done it faster.

So there I agree with you, that's an incentive.

Do we, the government, want to set something up where, as a performance standard, we would be looking to them to cut costs?

I don't think so, because haven't we done that in the contract? Haven't we put in there what we think is reasonable, hoping they will exceed it?

MS. BROOKS: I agree. But he made a point about reducing the processing time, and that would cut the costs. But again, you could leave that in performance, but I still get back to incentive on this one.

PARTICIPANT: One thing that you might look at is we do contracts for the travel services, the travel agents that give you your airline tickets and make your hotel reservations.

And one of their requirements is that they have to go with the lowest cost for your travel arrangements. In that way, it is a measurable standard of your performance.

MS. BROOKS: Select the low cost travel agent.

PARTICIPANT: It's not their cost you're reducing, but it's the cost to the agency for travel.

PARTICIPANT: But isn't that something they have to do? It's not a choice they have.

PARTICIPANT: Yes, but you have measure their performance against that.

PARTICIPANT: Do you go in and look to see?

PARTICIPANT: Yes, they do. They audit.

PARTICIPANT: If American was charging \$200 --

MS. BROOKS: But a parenthesis beside cost reduction, measure performance against this, and then example. Using low cost carrier. These are kind of ticklers for me. Depends on type of contract. How is this defined? What is meant by cost reduction? (measure performance against example using low cost carrier)

- Decreasing the cost to process [fill in] can be measured.

6. Physically Measurable Outcomes

PARTICIPANT: I think this was the toughest one to provide examples. I think everybody knows what it means.

There has to be some kind of objectively measurable standard.

For example, Bob and I were talking about a fee for services contract in landscaping. Maybe the grass has to be, you know, within this length. That's something that can be physically measured.

I'm sure there are many, many other things, even in the imaging area or microfilming area, where the film has to replicate the original source document, where you physically compare the source document with the deliverable and that type of thing.

But coming up with other examples, I'm not sure that anybody was successful. But just the overall idea of what it should encompass, being objective, being related to quality, and doing it a regular intervals.

MS. BROOKS: Does anybody have an example of anything in R&D or IT? An example of a measurable outcome.

PARTICIPANT: If they want so much data analyzed per day, that would be measurable.

PARTICIPANT: We have specifically measurable outcome. We want 90 percent of calls resolved within 24 hours.

MR. DENHARDT: Measure response time.

MS. BROOKS: On the health care, would you tie it to lab tests?

PARTICIPANT: Well, we got claims processing standards so that say 97 percent of all claims must be paid within 30 days.

MS. BROOKS: Okay.

PARTICIPANT: Correspondence has to be responded to in x amount of days. There's others.

MS. BROOKS: I just want some examples so that we can throw in there, as we possibly develop training and something like that. But don't worry, I've got everybody's telephone numbers and E-mail numbers.

There is a reason for us doing this.

- Focus on desired outcomes.
- Measure progress only when necessary.
- Measure progress at regular intervals; intervals identified in Performance Plan.
- Incentivize only those outcomes which benefit both parties.
- Quality and degree of effectiveness
- Quality of services provided
- Describe the inspection and acceptance procedures in performance requirements summary.
- Objectively measureable
- Regulatory/Statutory standards
- Were established goals met within the subcontracting plan.
- Safety standards as a performance standard = how many OSHA infractions, i.e., accidents on job, lost hours.

- Environmental standards
- Example of a measurable outcome: amount of data produced in a day; response time (IT) claims response time (Health)

III. Quality Assurance Plan

MR.BEJARANO: Who's going to take the lead on quality assurance here?

PARTICIPANT: We all are. First of all, there was a lot of discussion about whether we prepared a QA plan pre-award or post-award, and you'll see a lot of that in there.

Our first couple headings, we worked hard to try to see the purpose of two things, the quality assurance plan and the quality control plan.

PARTICIPANT: Any comments on those two?

MR. BEJARANO: You have purpose definition. What I'd like to do is review first the overall major ideas and what you have in there, and then we can go in specifically and look at comments.

PARTICIPANT: Then after that, disadvantages and advantages of preparing a quality assurance plan pre-award or post-award.

PARTICIPANT: We debated whether to combine those two or keep them as separate topics. I'm not sure.

PARTICIPANT: Resistance from technical groups and the contents of the QA plan is very important. How to implement it.

There's current discussion going on between the QA plan and the surveillance plan which is slightly different.

We're still working on that definition and we've seen some comments there, and we think further research is needed in OFPP policy 91-2, which was recently released, if we can find a copy of it.

Finally, there's a comment on standards.

MR. BEJARANO: Are we pretty much agreed we're going to leave these as they are pre-award and post-award? Do you, as a group, think that they should be folded into each other or merged?

Yes?

PARTICIPANT: Isn't your preparation pre-award, though? Shouldn't you know going into this. I agree that there's post-award. There's things that have to be done. But post-award preparation may be a little problem because I wouldn't want to award a contract and then decide, after I've awarded it, how I'm going to do the QA.

MR. DENHARDT: Not having seen the subject, would it be post-award review?

PARTICIPANT: Something.

PARTICIPANT: One of the things that we recently did, only because PBSC being so new, and this was with a sole source contractor, because the government wasn't real sure, we even had the contractor propose the standards and everything. So when they came in, we also had them do that.

PARTICIPANT: But that's part of their solicitation, but to me, QA should be a part of your contractual agreement with that contractor, and if you prepare that post-award, how do you hold them to it?

PARTICIPANT: I just said this was a new thing, we were just trying.

PARTICIPANT: I know, I understand that.

PARTICIPANT: And it was sole source, so you don't have a competitive environment to worry about.

PARTICIPANT: I understand.

PARTICIPANT: Also there are two things going on pre- and post-award, you've got the government as well as the assurance plan, the control measures on the government's part. That's why we defined separately the quality control plan on the part of the contractor.

At the time of solicitation preparation, you don't have any information on the quality control plan of the contractor because solicitation has not yet been received. So you can't really establish everything.

Cindy was saying how you're going to measure it until you know who is getting the award, especially in performance work statements, because you can have an entirely different approach from one contractor to another.

PARTICIPANT: But you're still pre-award. You get that in as a part of their proposal.

PARTICIPANT: Of course, but they have to present a quality control plan.

PARTICIPANT: That's my whole point, you're still pre-award.

PARTICIPANT: Right. You're saying that they have to provide a quality control plan.

PARTICIPANT: Right.

PARTICIPANT: You can't define the variables and quantify the government's quality assurance plan until you have made an award.

MR. BEJARANO: Yes.

PARTICIPANT: Maybe this is a terminology thing for me, and maybe it's a never mind, but isn't the quality assurance plan what the contractor would submit with their offer regarding how they're going

to ensure the quality of whatever service that they're going to provide, and the surveillance plan, or when the government had a surveillance plan, how they're going to monitor the contractor's quality?

PARTICIPANT: It could be defined that way.

PARTICIPANT: It could be that way.

PARTICIPANT: Usually the terminology is, the contractor is responsible for quality control and the government assures the quality of the quality assurance plan.

PARTICIPANT: The surveillance plan being part of the QA plan.

PARTICIPANT: If we said post-award implementation rather than preparation.

PARTICIPANT: See, we were saying develop the QA plan after award. If you had a performance based work statement, you can't develop the government's quality assurance plan until after award because you don't have all the elements of the offeror's and subsequent awardee's quality control plan.

PARTICIPANT: It comes in with their proposal. I agree when you're going into the solicitation --

PARTICIPANT: But that's part of the evaluation process.

PARTICIPANT: It's still pre-award, that's what I'm saying.

PARTICIPANT: We're not talking about what the contractor does, we're talking about what the government does. The government establishes the QA plan after the award.

MR. DENHARDT: If you are in a formally advertised position and you go out with all your requirements, how are you going to change that without going into negotiations?

PARTICIPANT: That's what we brought up, but if you don't do that, how are you going to establish a QA plan pre-award when you have a performance based work statement. That's our question.

PARTICIPANT: All you're doing is measuring the output and you always know what the output's going to be.

PARTICIPANT: I think that I, as a contractor, would want to know what are you, the government, going to do? How is that going to impact what I have to do?

If I don't know that, then I'm not making any plans for it, and it could impact the cost of what I'm doing. Granted that could be a negotiable issue, but going in with your solicitation, that contractor needs to know that we, the government, foresee that we're going to do QA no matter how generally we describe what the QA is going to be, we may need to define that further in the negotiation.

PARTICIPANT: But we may not know what we want the outcome to be.

PARTICIPANT: How could you do a performance based contract if you don't know what the outcome's going to be?

MR. DENHARDT: How could you enter into a contract if you didn't know what you want? Wasn't that part of your market survey?

PARTICIPANT: I want you to come in and I want you to operate my IT customer health plan.

PARTICIPANT: Okay, I'm talking, for example, research. Okay. I'm not talking about IT.

PARTICIPANT: Research, okay. You see research --

PARTICIPANT: We're all coming from different perspectives here.

PARTICIPANT: I do research contracting.

MS. BROOKS: Even with research, you have some objective that you want the contractor to meet. Do a study, you know, on cancer. You have some objective there, right?

PARTICIPANT: But we also asked the sole source contractor. Like I said, this is the first time out the gate, not knowing what we were doing with this, and trying to get even input back from the contractor that's been doing this work all along.

MS. BROOKS: Okay.

PARTICIPANT: I agree with IT and hardware and that definitely.

PARTICIPANT: I do R&D contracting. I don't know how performance based contracts would fit into R&D contracting.

PARTICIPANT: That's what we're trying to learn, what we're trying to figure out.

PARTICIPANT: I don't think it's going to work.

MS. BROOKS: The principle here is that all of these plans, whatever, should be negotiated and agreed upon prior to contract award. If not, if you do it after your initial award, what you're faced with is modifying the contract to incorporate that.

And so her point is that if you have not done that prior to that initial award, in your modification, you may be also his pricing and things may change.

PARTICIPANT: Just change the terminology.

PARTICIPANT: Instead of pre- and post-award, maybe pre- and post-solicitation, because actually what you're doing is you'll have negotiated it with the contractor before you make the award, so it's still pre-award.

PARTICIPANT: I really do see that as post-award implementation. If you don't have it in your solicitation, then you don't have anything to even talk about at that particular stage.

PARTICIPANT: I'm glad you brought up the cost of your proposal issue, because we had said that under item 6, and we had a question. How is this going to affect the contractor's price, so we'd appreciate it if you'd comment a little more on that when we get to item 6.

What we might be saying here is that the government will establish a QA plan in the solicitation.

When we get right down to surveillance, we may not have a point by point surveillance plan established yet, if we are using performance based work statements or something highly technical.

PARTICIPANT: But when you're contracting, you've always got to be mindful of what we, the government, are doing that causes that contractor to have to increase his cost.

PARTICIPANT: You just tier your proposal, don't you, to certain aspects of the QA plan so that you know what's important to the government when they're doing the quality assurance?

PARTICIPANT: Yes.

MR. BEJARANO: Okay. Let's, I guess I still have a feeling, whether it's semantics --

PARTICIPANT: I think it's semantics.

MR. BEJARANO: Okay.

MR. DENHARDT: It's preparation, period.

MR. BEJARANO: Make it one thing. What do you all think?

MS. BROOKS: I think you've got two steps there. I think you've got preparation and you've got implementation.

PARTICIPANT: Number 7 is implementation already.

PARTICIPANT: Maybe what's under that then needs to go down there.

MR. BEJARANO: Any comments on the quality assurance plan or the quality control plan on these two comments here?

PARTICIPANT: Are they really control measures that the government establishes? We're not controlling anything really.

PARTICIPANT: Measures of quality, measures of performance.

MS. BROOKS: What's the question?

MR. BEJARANO: The question is whether it's a control or a quality or performance measure.

MS. HEINBAUGH: How about an evaluation measure? What does the group say?

PARTICIPANT: Evaluation, surveillance, whatever.

PARTICIPANT: Surveillance?

PARTICIPANT: Method.

PARTICIPANT: Just measures.

PARTICIPANT: Just measures because then we could do more than surveillance.

MR. BEJARANO: Measures? Okay, let's just take the control out and make that measures. Okay, and the control plan. Can we live with that?

PARTICIPANTS: Yes.

PARTICIPANT: I suggest we say provide the government with steps the contractor will take to ensure quality, not necessarily improve, although that would be desirable, but to ensure.

MR. BEJARANO: That sounds good. All right, let's go to the next one.

Pre-award preparation. Advantages and disadvantages.

You want to walk us through this?

PARTICIPANT: Prior to award, in other words, at the solicitation phase but without having made an award, one of the disadvantages is that the government has stated only their objectives, but they don't know the steps that the contractor is going to take. This is what I was talking about not being able to establish a surveillance.

The offeror's, however, if offeror's get a chance for input into the proposed QA plan, they can propose or counter-propose changes, recommendations. They know their own proposal and they can suggest to the government good ways to assure quality.

But we did know, as has been pointed out also, that the negotiations and the statement of work will affect that plan. We wanted to know if that was something that could be protested?

Somebody asked me to clarify the disadvantage comment. We incorporated that note in the comment above. Somebody else also added this, define measurement of quality.

Does the government want something done at a specific time? I think that's the purpose of the QA plan. It's somewhere in the definition area.

PARTICIPANT: On your disadvantage there, what we've been preaching to our requirements people is what we measure is whether or not the contractor achieved the objective and not his process to get there.

PARTICIPANT: Yes.

PARTICIPANT: If that's the case in performance based contracting, it's not really a disadvantage. You're not going to measure the individual contractor's or a different contractor's processes, you're just going to measure which one, you know, or the ultimate contractor's ability to achieve the objective.

And one of the things we found in the transportation contracts, these military folks want to control every step of the process. They want to know when the cargo got loaded on the truck, and when the truck passed point A and when it passed point B.

And all they're really telling the contractor is get it to the destination by a certain date.

Now when he loads it in the truck is immaterial as long as it gets there.

PARTICIPANT: There are of course legitimate situations in which the government must maintain unusual control and they really don't go by commercial standards.

PARTICIPANT: Those are probably for situations where performance based contracting is not necessarily the best way to go.

PARTICIPANT: Performance based contracting is very close to commercial type expectations.

Maybe we just want to turn this whole thing on its head and say performance based work statements, the QA plan should deal with objectives and not with contractor methodology, and get rid of a lot of this stuff.

Am I too radical?

MS. BROOKS: That's a good point.

PARTICIPANT: I think that's what it ought to be.

MR. BEJARANO: Any other thoughts here?

PARTICIPANT: I'm not quite sure what you're referring to as a protestable issue.

PARTICIPANT: Anything is protestable.

PARTICIPANT: We mean changes in statement of work during negotiations. If that becomes part of the award, it would depend upon did a contractor specifically propose a QA plan that had to do with their methodology.

PARTICIPANT: I think the main concern is whether you make a change that would adversely affect other competitive offeror's.

As long as everyone is on the same playing field and you don't disadvantage or keep information from other offerors, I don't think you have a problem.

MR. BEJARANO: Okay.

Do we want to add a comment to this one?

PARTICIPANT: In other words, if you make a change to the statement of work based on these negotiations or discussions, then all offerors should be apprised of that.

PARTICIPANT: You should amend the solicitation.

PARTICIPANT: On the protest and just legal lawsuits in general, if I fall out of this chair, I could sue Pat, sue the government for having me come. I mean it doesn't have to be necessarily a valid reason.

They might throw it out of court, but it's still protestable because whenever you make a requirement it narrows it down, and I think someone in this group mentioned it narrows it down, someone's going to be at a disadvantage.

PARTICIPANT: What we're really saying there is that the contractor can make a technical solution that doesn't relate to anybody else's technical solution, and we included it in their QA plan, and wouldn't have included it in someone else's QA plan and there you are.

I can see problems in best value contracts too where you have a contractor who offers you additional best value. That relates to requirements but isn't quite there in the requirement.

And then you could be doing QA on something and it wasn't everybody else's proposal.

We could probably be talking about this for about two weeks. We don't want to do that here.

MR. BEJARANO: Any other thoughts or comments here on this one?

MS. HEINBAUGH: Maybe we should just add a general comment that in performance based contracting, the QA plan should focus on objectives, established objectives.

MS. BROOKS: Not the processes, I agree.

MR. BEJARANO: Let's capture that.

MS. BROOKS: On the outcomes and not the processes, is that what you're saying?

PARTICIPANT: Exactly.

MR. BEJARANO: We have to get to there. Let's go to the next one, Post-award preparation.

PARTICIPANT: Further discussion on the same subject?

PARTICIPANT: Same thing.

PARTICIPANT: It really is.

MR. BEJARANO: So really we should merge the two.

PARTICIPANT: Yes.

MR. BEJARANO: Does everybody agree before we do that? Okay, let's do that.

PARTICIPANT: Preparation.

MR. BEJARANO: Right, let's just change this now. You want to edit that idea. What do we want to call it as a group, what did we say?

PARTICIPANTS: Preparation.

MR. BEJARANO: Okay, let's just call it preparation.

All right, resistance from technical groups. One comment here.

PARTICIPANT: You had talked about they want to measure everything they can.

PARTICIPANT: Anything they can measure, they want to put it in, whether it makes sense or not.

PARTICIPANT: And if they are having problems, sometimes other agencies have done the same thing, other plans are available.

MR. BEJARANO: Okay.

Move to the next one.

MR. BEJARANO: Let's go to the next one.

PARTICIPANT: Content of the QA plan, the very last input. I'd like to commend whoever put that in there, it's really excellent. It's an outline of everything that should be in the QA plan.

Then the first comment up there, too many measurements. I think that's an excellent comment as well.

MR. BEJARANO: Let's go back to the top, Trisha, please.

PARTICIPANT: After that first paragraph, there are about three separate lines we need to look at and see if they should be incorporated into the definitions of the QA plan.

MR. BEJARANO: Are you saying they should be incorporated into this here? Are we saying that?

PARTICIPANTS: Yes.

PARTICIPANT: Just look at them and see if you want to make them separate.

And then we get to the question about whether the QA plan will affect the cost proposal. We had kind of answered that.

See what you think if what we say actually clarifies that that makes sense to you.

PARTICIPANT: Where are you?

PARTICIPANT: You see, please clarify why the QA plan won't affect the cost proposal. The contractor will say, what kind of QA the government will be performing. They're going to gear that performance to meet the measurements the government has established.

Is that right?

PARTICIPANT: Depending upon what our QA is, it's going to impact the cost proposal. Anyway, I don't see how it cannot.

PARTICIPANT: That kind of ties into the first comment. If we require too many measures in the QA plan.

PARTICIPANT: The more records he has to keep and the more that the government interrupts his activities, coming in doing a QA check, it's going to impact his cost.

PARTICIPANT: So should we take that first paragraph, the government puts too many measurements, into there, and put it in the same paragraph because it also deals with cost?

MS. BROOKS: I think, when you look at this statement, does it really have anything to do with the QA plan? This is really kind of a tickler or a question because it's not a content of the plan. It may be something, a factor.

The point here is, as she stated, that the more surveillance that you are requiring either you to do or processes for the contractor to do, it's going to be a cost on both sides.

So I think the point is just don't overdo it in your surveillance requirements. And it's just a consideration.

MR. BEJARANO: Do we want to leave it there, what are we doing? Delete it? Everybody agree?

MS. HEINBAUGH: Delete the second one.

PARTICIPANT: Delete that other one because we had the discussion already.

MR. BEJARANO: Okay, this one right here, please. Let's delete that one.

PARTICIPANT: And those next comments should be merged that QA plan should contain the following.

MR. BEJARANO: Does everybody agree we'll merge those two with this one here?

PARTICIPANT: Why don't you merge and then look at them. Are they redundant? Is there something in there that should really be in the PRS?

PARTICIPANT: I think they should be merged.

PARTICIPANT: When I look at it, does it duplicate it? Should we move anything? Is there anything that doesn't belong there?

MS. BROOKS: Okay, that plan should address the frequency of QA surveillance. You see that monthly surveillance report, kind of like a parenthesis beside that, couldn't it?

PARTICIPANT: Yes, because you might want it more often.

MS. BROOKS: You're just saying, using that as an example.

PARTICIPANT: We should say plan should address frequency, and in parentheses, for example, monthly. Monthly surveillance report.

MR. BEJARANO: We'll take this one out, Trisha.

PARTICIPANT: One of the things that we haven't talked about, I'm not sure I see it on here, the two contracts that I had where we had these plans they're multiple award contracts and we used them as partially an incentive.

We give the contractor that performs the best more work, so our plan isn't just do they meet these requirements, but therefore it's broken down. Timeliness of inspections, the contract requirement is that all routine inspections must be performed in a 72-hour period. Then there's deviations from that. And they get points based on how well they meet that requirement.

I shouldn't say requirement but, in other words, we do break down each of these criteria that are measured in the claim, so we can compare one contractor's performance to another.

I guess there are other ways of doing it.

PARTICIPANT: I think multiple awards are referenced somewhere but this is a particular aspect of how the QA plan can provide incentivization under multiple awards.

MS. BROOKS: I see what he's talking about more is not necessarily QA but as measures of performance and how are you going to utilize past performance as a gauge for future awards.

PARTICIPANT: Right. But as part of that plan, --

MS. BROOKS: You're including it in the QA plan?

PARTICIPANT: Yes. Where we say we're going to measure turnaround time, we give a breakout and not only measure it, but we give points for it. And then that is used to determine future work distribution.

MS. BROOKS: Is that the same thing then as your monthly surveillance report? I mean you're not doing monthly.

PARTICIPANT: Right. We're doing it based on each disaster. At the end of a disaster, their performance is rated on those areas that are listed.

PARTICIPANT: Would this be tied to the frequency?

PARTICIPANT: That part would, but what I'm trying to convey is, we don't say in here how. The way I interpret this is, they're either doing it or they're not doing it.

We haven't talked about how do you score it. We're weighting different things. Like ours is based on quality, timeliness and customer satisfaction.

Within those three criteria, we have sub-elements which we actually give points to them.

PARTICIPANT: I agree maybe that's what needs to be added. What is the quality criteria.

PARTICIPANT: That's something where you want a little give and take with the contractor so that we agree that we give 30 points to one and 10 to another, that everyone's in agreement.

And in this case, the incentive is the contractor's going to get more or less work based on that plan so obviously they have a stake in what the final look of it is.

We may give our draft version of it in the solicitation but it's something that's negotiable.

MR. BEJARANO: Do you want to add a comment to that effect?

MS. BROOKS: Add another bullet there.

MR. BEJARANO: Let's submit that one, Trisha.

MS. BROOKS: Just say quality criteria and standards of measurement.

MR. BEJARANO: Standards of measurement, okay.

MS. BROOKS: Then in parentheses, put quality, timeliness, customer satisfaction. Those are your examples of your measurements.

MR. BEJARANO: Let's move on then to the next item.

MS. VOORHIES: Do you want this bullet right under the QA, or is this fine?

MR. BEJARANO: You just want it a stand alone like that.

PARTICIPANT: As far as that plan we're talking about.

PARTICIPANT: I can live with it under the plan. I mean that's something that needs to be addressed.

PARTICIPANT: It's not under the plan.

MS. BROOKS: The QA plan should contain the following.

MR. BEJARANO: Just merge it with that one then. Okay, there we go.

1. Purpose

- Quality Assurance Plan: Measures established by the Government for the purpose of insuring an acceptable level of performance.
- Quality Control Plan: The Contractor's Plan established for the purpose of insuring the quality of the services provided. Provide the government with steps the contractor will take to ensure quality or value of services.

2. Definition

- For a QA Plan: Written, formal plan detailing the manner in which the Government intends to meet its responsibility of assuring that the contractor has provided the acceptable level of service required by the contract. This is a plan to achieve the Government's level of quality. The plan details the way that work will be monitored and defines methods of surveillance. It is built on work breakdown structures.

MR. BEJARANO: Let's move to the next one, then. Definition.

MS. BROOKS: What are you defining? Is this the definition?

PARTICIPANT: The QA plan.

MR. BEJARANO: Okay, comments? You can all live with that one.

3. Preparation

MR. BEJARANO: Pre-award preparation. Advantages and Disadvantages.
You want to walk us through this?

PARTICIPANT: Prior to award, in other words, at the solicitation phase but without having made an award, one of the disadvantages is that the government has stated only their objectives, but they don't know the steps that the contractor is going to take. This is what I was talking about not being able to establish a surveillance.

The offerors, however, if offerors get a chance for input into the proposed QA plan, they can propose or counter-propose changes, recommendations. They know their own proposal and they can suggest to the government good ways to assure quality.

But we did know, as has been pointed out also, that the negotiations and the statement of work will affect that plan. We wanted to know if that was something that could be protested?

Somebody asked me to clarify the disadvantage comment. We incorporated that note in the comment above. Somebody else also added this, define measurement of quality.

Does the government want something done at a specific time? I think that's the purpose of the QA plan. It's somewhere in the definition area.

PARTICIPANT: On your disadvantage there, what we've been preaching to our requirements people is what we measure is whether or not the contractor achieved the objective and not his process to get there.

PARTICIPANT: Yes.

PARTICIPANT: If that's the case in performance based contracting, it's not really a disadvantage. You're not going to measure the individual contractor's or a different contractor's processes, you're just going to measure which one, you know, or the ultimate contractor's ability to achieve the objective.

And one of the things we found in the transportation contracts, these military folks want to control every step of the process. They want to know when the cargo got loaded on the truck, and when the truck passed point A and when it passed point B.

And all they're really telling the contractor is get it to the destination by a certain date.

Now when he loads it in the truck is immaterial as long as it gets there.

PARTICIPANT: There are of course legitimate situations in which the government must maintain unusual control and they really don't go by commercial standards.

PARTICIPANT: Those are probably for situations where performance based contracting is not necessarily the best way to go.

PARTICIPANT: Performance based contracting is very close to commercial type expectations.

Maybe we just want to turn this whole thing on its head and say performance based work statements, the QA plan should deal with objectives and not with contractor methodology, and get rid of a lot of this stuff.

Am I too radical?

MS. BROOKS: That's a good point.

PARTICIPANT: I think that's what it ought to be.

MR. BEJARANO: Any other thoughts here?

PARTICIPANT: I'm not quite sure what you're referring to as a protestable issue.

PARTICIPANT: Anything is protestable.

PARTICIPANT: We mean changes in statement of work during negotiations. If that becomes part of the award, it would depend upon did a contractor specifically propose a QA plan that had to do with their methodology.

PARTICIPANT: I think the main concern is whether you make a change that would adversely affect other competitive offerors.

As long as everyone is on the same playing field and you don't disadvantage or keep information from other offerors, I don't think you have a problem.

- Advantages and Disadvantages
- Disadvantage: In preaward presentation, the Government states only their objective. The Government does not yet know the steps that the contractor is going to take to achieve these objectives. (Recommend that this comment be moved to "Requirements Definition.")

- Advantage: Gives the offeror an opportunity to propose/counterpropose changes, recommendations, comments to the Plan
- Changes made in negotiations to SOW will affect plan.
- Would this be a protestable issue?
- Please clarify disadvantage comment (see revised notes on disadv comment above)
- Define measurement of quality; i.e., does government want something done at a specific time at specific duration, etc.
- QA Plan should focus on the outcomes and not the process.
- Post-Award Preparation
- Advantages and disadvantages
- Adv: The Government can work more closely with the selected offeror in developing the QA Plan.
- Adv: Then from that plan, the Government can develop their surveillance plan.
- Disadv: Timeliness of implementing plan - Contractor is already working and cannot be evaluated unless a plan is in place.
- There should not be any post-award preparation - all elements mentioned should be complete at award.

4. Resistance From Technical Groups

- Government can seek out other sources which have developed similar plans and use this as a basis for Plan development.
- Technical Groups want to put everything in the surveillance plan.

5. Content Of QA Plan

If Government puts too many measurements into the plan, or puts them at too low of a level, this will affect cost proposal. This is an advantage for post-award development because it is negotiable.

- QA plan should contain the following:
 - General information (this could be used on other contracts)
 - Sampling guides
 - QA Surveillance checklist (for all work that's not sampled)
 - Inspection checklist (should be detailed and match the PRS)
 - Random number tables
 - Acceptable Quality Level (AQL) tables
 - Other forms such as Contract Discrepancy Reports (CDR)
 - Plan should address the frequency of QA surveillance i.e. every 6 months
 - Provide definition of the plan components to contractor
 - Quality criteria and standards of measurement (Quality, Timeliness; Customer Satisfaction)
 - Analyze each task of SOW and determine if appropriate measure was included
 - Assess the acceptable deviation level
 - Define appropriate surveillance method

6. Implementation Of The QA Plan

- Ensure that you have the proper structure, such as personnel
- Training considerations for implementation for the QA administrators, CORs.
- Train CORs in how to administer plan.

Ensure government quality assurance review is being conducted as scheduled.

7. Standards

MS. BROOKS: Safety Standards. Explain that one to me as a performance standard.

MR. DENHARDT: I didn't put it in but I've used it before as a measurable number of accidents in a job.

PARTICIPANT: We use that too.

MR. DENHARDT: If you're using a warehousing function, how many OSHA?

PARTICIPANT: The OSHA requirements. You have to keep a log of accidents.

MR. DENHARDT: How many infractions did they have, accidents on the job, lost hours, those are all measurables.

MS. BROOKS: Okay.

MR. DENHARDT: Whoever put it in, is that what they kind of meant.

MS. BROOKS: Okay.

- ISO 9000 certification (quality standard)
- FIPS Standards; ANSI, ENCRYPTION
- HEDIS - measures health care outcomes
- NCQA - an accreditation
- JACHO - military hospital accreditation standards
- Malcolm Baldrige excellence award
- OFPP Policy Letter 91-2 - PBSC

IV. Incentives

DENHARDT: My question on that is, whoever put the question, were you talking performance incentives or cost incentives?

PARTICIPANT: You would need it, I would think you would need it for whatever you want to incentivize in that contract.

MR. DENHARDT: Well cost incentive is very easy to define. You can put down, you say if you stay within this budget, you know, underrun, overrun.

Performance incentive is a lot different.

PARTICIPANT: Maybe what that means is, like she was saying, to outline specifically what you're incentivizing and what percentage figure you're applying to each.

MR. BEJARANO: Is this captured anywhere else in these comments, or do we need to actually outline that in a separate comment?

MR. BEJARANO: Selective incentives must be relevant to the program. Should we delete this here?

PARTICIPANT: I think so.

MR. BEJARANO: Let's delete that one, please.

MS. VOORHIES: Number 1?

MR. BEJARANO: The one that you have highlighted, yes. Just delete it.

Okay, anything else on any of these others?

PARTICIPANT: The first comment that's up there now, it seems like really that's covered by the next to the last one.

Should be beneficial to both parties.

PARTICIPANT: Yes.

MR. BEJARANO: So we delete this one? Let's delete number 1 here. Okay, let's move on.

PARTICIPANT: The bottom one really needs to go too. One of the things I think that's been reiterated several times in the performance based contracting business is that there are supposed to be both positive and negative incentives.

MR. BEJARANO: Which we have here.

PARTICIPANT: The last comment may be true by Webster's Dictionary but not by the procurement dictionary.

PARTICIPANT: Agreed.

MR. BEJARANO: That's sort of reiterated here. Let's delete that. Agreed? Okay.

Let's move on smartly, as they say.

Past performance record.

Questions or comments there?

PARTICIPANT: I don't understand primarily a pre-award area. How do you incentivize a past performance record.

PARTICIPANT: You can incentivize it that he knows that if he does a good job, he'll get a great report and his resume is increased and to us, it's very important to do good work, to perform whether or not there's an award fee.

PARTICIPANT: But during the performance of the existing contract.

PARTICIPANT: It's a positive motivator.

PARTICIPANT: Because you're incentivizing the work that you're doing. That's your incentive.

PARTICIPANT: It's sort of an indirect incentive.

PARTICIPANT: To me, that's more important for the evaluation.

PARTICIPANT: But it's still a driver. As he performs that contract.

PARTICIPANT: Yes, I think so.

PARTICIPANT: However, it doesn't apply just in performance based contracts.

PARTICIPANT: That's present performance. This is for past performance. That can't be changed.

PARTICIPANT: But he's adding to his past performance record as he performs the contract.

PARTICIPANT: I thought we were -- the incentives for this current contract? That's future contracts.

PARTICIPANT: It's an on-going thing. You could pick one task order, and you're competing for the next one. You're record on the previous one is taken into consideration.

MS. BROOKS: How is that an incentive? To me, that's just the nature of the beast as a basic contracting principle or operating principle as a company, you want to do your best and ensure a good evaluation. That's where that factor is going to be evaluated.

PARTICIPANT: I just still see it as another carrot dangling out there, as long as you do a good job.

MS. BROOKS: There's the potential.

PARTICIPANT: Under multiple award contracts, there's a provision that was put into the FAR when they put in the multiple award contracts that almost everyone has latched onto.

They put down on administrative time the issue of multiple task order contracts. They don't want to have to go out and do proposals on every one every time they issue another task, so they latch onto that provision that was put in there in the FAR that says, all you have to consider is past performance.

We can select someone to do a task without going out for a solicitation of that task by just looking at past performance.

Every task that he does under that contract is going to be accumulating on his past performance record. I think that's a definite incentive during the time of performance of that contract to do well on this task so he has a better chance of dealing with the next task.

PARTICIPANT: I have a question for the incentive area.

Are we talking about dollars, incentive dollars?

PARTICIPANT: I was thinking the same thing.

PARTICIPANT: I don't think it necessarily has to be dollars.

PARTICIPANT: Maybe that needs to be clarified.

MS. BROOKS: One of the things -- I didn't see it listed here -- in my last question to you guys, was going to be -- maybe this will clarify it -- okay, you've made some good points here, but tell me what elements would you incentivize for whatever it is that you're doing.

Are we talking about, we normally see you incentivizing cost. He's saying you're incentivizing performance.

What else can you incentivize in your contract?

PARTICIPANT: Technical, schedule.

PARTICIPANT: Customer satisfaction.

PARTICIPANT: Looking at it from that aspect, they would have to agree it shouldn't be there.

MR. BEJARANO: Past performance should not be there?

PARTICIPANT: I'm not going to incentivize someone when they are performing that contract because of their past performance record, if we are talking dollars and cents.

Hopefully, they would be incentivized because past performance is being looked at the way that it is these days. So hopefully that would be an incentive.

But if we're talking what am I going to give you extra dollars for, not that.

MS. BROOKS: Isn't that the basic premise that with an incentive, you're going to give him extra profit for doing something above and beyond the call of duty?

PARTICIPANT: Or you can give him additional work under the multiple award scenario. That's what you're talking about.

MS. BROOKS: But outside of the multiple award arena, I agree with that concept on the multiple award, but outside of the multiple award, how are you incentivized, how do you pay him extra for performance when on everything he's got to compete for it?

PARTICIPANT: I agree you don't.

PARTICIPANT: If you say the incentives are only money, that's true. However, as a contractor, we are incentivized whether we are earning any extra money or not, as well as we can, particularly in new markets because we know that will lead to further business.

You cannot pay us a dollar, we can break even or even lose money on a contract, but you always try to do well to leap ahead for a past performance record, as it is, is good, and will stand the scrutiny of evaluations.

MS. BROOKS: That leads to another question. What other incentives can you offer a contractor other than money. Pure past performance, looking at his past performance record, you know you're going to be looking at that so that's an incentive for him to do well. Okay.

What other incentive can you give the contractor other than dollars?

PARTICIPANT: We talked about this the last session, and you took a different view. And that is the exercise of an option.

Do well here, you know you're going to get the option, and the option will be there a full year. It's a great incentive to do well. That's an incentive.

MS. BROOKS: But see, I'm still going to take, when we get to the option year, I'm going to still take exceptions.

PARTICIPANT: I'm talking from the point of the contractor and what we look at.

MS. BROOKS: He's giving me the industry perspective.

MR. BEJARANO: It sounds like we have two perspectives here.

PARTICIPANT: But I'm the only one here. I'm outnumbered.

MS. BROOKS: That's why we need you here to keep this balance.

1. Structure Performance Requirements To Promote Desired Performance

- Improperly applied performance incentives may drive additional cost.
- Well defined, measurable targets help to motivate contractor.
- May be based on quantifiable performance (such as submission of data) or subjective measure (i.e., customer complaints)
- Suggested edit to idea title: structure performance requirements to promote desired performance.

2. Performance Requirements Summary

- Pre-established deduction for work not performed.
- Deductions: list tasks, frequency, allowable deviation and costs which will be deducted. Well defined in performance requirements summary (PRS).
- Define method of surveillance: random sampling, 100% inspection, customer complaints, mandatory dates

3. Award Fees

- Cost savings - share in savings
- Cost overrun - deduct from award fee
- Award fee based on contractor's satisfactory performance (a percentage).
- Need necessary infrastructure to monitor and establish award fee

4. Incentive Fees

- Selected incentives must be relevant to the program and consistent with mission and contract requirements.
- The incentives should accurately correlate with desired results.
- Incentives should be both positive, negative, or a combination of both.
- Should be beneficial to both parties

5. Past Performance Record

- Primarily a pre-award area, and really not an incentive issue
- Convey that past performance survey results will be heavily weighted in follow-on procurements

6. Determination To Exercise Options

MR. BEJARANO: Okay, determination to exercise options. That's what it is, right? It is what it is, the FAR requires. Okay. Pretty straightforward?

MS. BROOKS: I still have my question. How is this an incentive?

PARTICIPANT: Because you want work, you want revenue. If you don't do well, you will not get the option.

MS. BROOKS: That's a given anyway. There are no guarantees that I'm going to exercise an option.

PARTICIPANT: But if I do well, you may ask to exercise it. If I do lousy, you may not.

MS. BROOKS: Even if you do great, I still may not exercise that option.

PARTICIPANT: But if you do great, you probably will.

MS. BROOKS: But my budget may change and hey, I just can't afford you anymore.

PARTICIPANT: You may have had a good price when the contract was awarded. Conditions may have changed.

PARTICIPANT: But it's not a reason to take that out of an incentive.

MS. BROOKS: I say you don't do that as an incentive. Conceptually I can't get that as an incentive. That's my point.

PARTICIPANT: Unless we're talking dollars and cents, I definitely can get there. Because if I have a contractor who's doing poorly, even if I need those services continued, I cannot exercise that option because their performance has been lousy.

MS. BROOKS: What does that have to do with incentive? You're not exercising the option based upon his failure to meet your requirements.

PARTICIPANT: I would hope -- this gets away from dollars and cents --

MS. BROOKS: Away from dollars and cents. It's a reach for me, and I can't reach.

PARTICIPANT: If a contractor is performing a \$10 million contract, it's \$2 million for the first year, the second, third, fourth, and fifth are all options, and let's say each one of those years is worth \$2 million.

I would hope that they are aware that if they don't do a good job, I am not going to exercise that option. So this is what you potentially could lose is \$8 million because you did not perform well.

Granted if I don't have a need for that option, I'm not going to exercise it anyway, but I have already experienced cases where a contractor was not performing well.

I've experienced cases where contractors have allowed their costs to go outside and again, when you're exercising an option, you have to look at all of these sites. You don't just exercise it because it's there.

So I would hope that having an option in the contract would incentivize that contractor to do the very best work they possibly could, so that I would be more inclined to exercise that option.

PARTICIPANT: Hearing both sides, though, I guess it's a question of is an incentive something that's totally within the control of the contractor.

Because what Pat is saying is you may do a great job but if technology has changed or market conditions, I may not exercise your option even though you've performed in an outstanding manner.

That's a situation where it's beyond the contractor's capability to achieve that incentive.

PARTICIPANT: That's the risk the contractor takes.

PARTICIPANT: I guess my question is are you interpreting an incentive to be something that if the contractor does this, then they will get that reward?

MS. BROOKS: He goes over, he exceeds I guess your minimum requirements.

PARTICIPANT: But it's something that's totally within their control.

The example you gave would be outside their control so, in a sense, it wouldn't be an incentive.

If at the last minute say, technology changes and now his great performance record isn't going to guarantee him anything other than another opportunity to compete. That's the difference I see.

MS. BROOKS: Okay.

PARTICIPANT: This may be a matter of semantics because incentives is not necessarily incentives. I can certainly understand how it's to the contractor's advantage to do well on a contract because it may increase the likelihood of having an option exercised.

However, when it comes to the determination to exercise an option, as the FAR and the statutes described incentives, I just cannot see the determination to exercise an option as an incentive.

MR. BEJARANO: It sounds to me, and I'm just going to step in for a second here, it sounds like it is a question of semantics here, so if we are having a little bit of a problem with semantics, what do we want to do?

Do we want to leave it here as such?

What is the group's take on this?

PARTICIPANT: I want to make one comment before we leave this. The contractors that I deal with on a regular basis, we have options in our contract and they do view these as incentives to do the best job they can.

In fact, it was at the contractor's basically their suggestion that these options were included in the first place. They wanted the opportunity to have a longer term contract and a longer term relationship with the government rather than having to compete for these things every two years.

That's what their suggestion was. If you give us options, we are more inclined to do a better job for you.

PARTICIPANT: The Navy had a solicitation on a submarine base.

PARTICIPANT: Maybe I didn't say that quite right. But they do view them as incentives.

MR. DENHARDT: The object of any contractor is to make money. I mean, that's why he's out there. And the option is an ability for him to continue performance without having to recompile for it. That's basically what it is.

PARTICIPANT: The Navy had a large solicitation in one of the submarine bases, which required large capital equipment. The position was there's too much risk here just to go for your four plus one year, total five years. Could you consider extending it.

They went with ten years, all one year options, which was good because now for the risk of the capital equipment, if you perform well, you probably have that contract for ten years, all other things being equal. That was an incentive.

MS. BROOKS: We can leave it here.

MR. BEJARANO: Let's move on, please.

PARTICIPANT: It all goes back to past performance.

- Prior to exercising an option, the FAR requires the contracting officer to determine contractor's performance as acceptable and in government's best interest.

7. Multiple Award Contracts

PARTICIPANT: I feel it is an incentive for the contractor.

PARTICIPANT: Options are. Let's move on.

- Multiple award contractors compete against one another and the better contractor gets more work. This is an incentive.
- Multiple award contracts are sometimes set up differently than stated in first comment; may not be an incentive in all cases.

- Primarily a pre-award area and really not an incentive issue.
- Convey that past performance survey results will be heavily weighted in follow-on procurements

8. Partial Withholding Of Payments Until Successful Completion

- Contract must specifically allow withholdings.

9. Value Engineering/Cost Savings Proposals

PARTICIPANT: I don't really view that as an incentive.

PARTICIPANT: Why do you think that that clause is in the contract?

PARTICIPANT: To encourage contractors.

PARTICIPANT: Does it encourage equal incentive like we said?

PARTICIPANT: But you can't just put a value engineering clause into a contract because you want to.

PARTICIPANT: We didn't define incentive enough.

PARTICIPANT: Incentive isn't defined.

PARTICIPANT: In performance based contracting, where you're allowing the contractor to propose the method anyway, shouldn't he have already proposed the most cost efficient method when you awarded him the contract?

PARTICIPANT: He might come up with a value engineering suggestion later on.

PARTICIPANT: That's true.

PARTICIPANT: And it's to their benefit to propose this actually.

MR. BEJARANO: It sounds like the consensus of the group is that it is an incentive, so should we delete this one?

PARTICIPANT: I think it's already there in the contract because there are guidelines for when you can include that and what the contractor is supposed to do. It's already a part of your contract.

I can't award \$100,000 contract and put the value engineering clause in there because the FAR says I can't do that, so it's not something that's up to me to use to incentivize.

The regulations have already taken care of that.

MR. BEJARANO: So?

PARTICIPANT: I don't think it belongs here.

PARTICIPANT: Are you saying under incentives? Incentivizing the cost proposals?

PARTICIPANT: It's just put in there as incentives as a whole, like she was saying, incentives aren't well-defined in terms of what it was, just as options, exercise of options.

PARTICIPANT: I agree with you that the VE clause is not included in every contract, but in most contracts in which it is included I think it does serve as an incentive to come up with, the contractor to come up with better ways of doing the job and save money.

MR. BEJARANO: So for those cases where it is included, you're saying, or is the group saying that it is an incentive? So we'll leave it as such and we'll just delete the first? Are we deleting this right here?

PARTICIPANTS: Yes.

- The clause is an incentive for the contractor to propose a more cost efficient method of performing the requirement.

10. Training Suggestions

PARTICIPANT: The first one is the technical approach, that is, how would they meet our objectives.

The second one is corporate experience and we threw past performance in there. They could be separate but they're closely related. Experience deals with what you've done. Past performance deals with how well you did.

So we kind of just, as a group, decided okay, we'll put that together.

Qualifications of key personnel. Self-explanatory.

Cost/price. We put that in there. That's looking at primarily cost realism.

Management approach. That was something that was added by another group. It's closely related to technical approach, but it deals with other issues that aren't directly how you're going to achieve the objective like the management plan, your incentive program I guess within the company and things along those lines.

Number 6, small business, small disadvantaged business subcontracting. It was noted in one of the comments that this is required I guess in treasury?

PARTICIPANT: Transportation.

PARTICIPANT: Transportation contracts. I'm not sure that applies in other agencies as a required evaluation criterion, even though you are required by the FAR to look at the plan and to incorporate it into a contract if I believe it's over \$500,000, and if you're not a small business set aside.

Idea number 7, questionable ideas. That's where we kind of put everything that we felt was more process oriented.

Our understanding of the evaluation criteria section was to list those things that are criteria and are not process oriented. So when we went through and cleaned up, we put all those other items under questionable ideas.

MR. BEJARANO: So this really is not an idea itself, it really should be like another category.

PARTICIPANT: It maybe should be. We thought we'd let the group look at it and decide whether they agreed.

MR. BEJARANO: What we might do then, if it's not one of the key ideas under this, we might create another category for it.

But let's go through the main ideas, the six that we have.

Technical approach.

PARTICIPANT: The first and the third comment really kind of go together. I sort of like the wording in comment number 3, in performance based contracting, you allow the offerors to propose their own technical solutions.

And we, the government, evaluate for reasonableness. It kind of goes with the first comment, will it achieve the desired results. They're giving us the how-to portion of it, and the government is evaluating that.

That portion is very important because that's what the plan is for how they're going to do the work.

MR. BEJARANO: So you're suggesting that we merge these two together?

PARTICIPANT: Yes.

MR. BEJARANO: Does everybody agree with that? Okay. Can we bring this one and merge it with this one, this being the surviving one.

Is that what we want? Okay. Great.

Let's move on to the next one, corporate experience.

PARTICIPANT: Basically here, under corporate experience, first we're looking at what projects they have performed that are similar in nature.

I know there's a lot of issues over well-defined similar. We tried to look at the characteristics of the projects they are proposing and how it relates to the project being solicited.

You know, if time sensitiveness in this project, what projects have they done that we're time sensitive.

Like if we call you, within 24 hours you must report to a disaster site.

Have you had other projects that required a quick mobilization.

So I think for the most part, if you stick along those guidelines, you can certainly include things that are similar.

Otherwise, you'd only be dealing with the incumbent if there was one.

The past performance part of that is looking at how well they performed and along those lines considering how like the project it is in dollar size and all those other things that you'd want to consider above and beyond whether they received an outstanding rating or just a good rating, how similar to the project at hand is it.

MR. BEJARANO: Any other comments on this one?

PARTICIPANT: The words "past performance," couldn't they just be deleted?

MR. BEJARANO: I was going to suggest that. That sounds like that's incorporated in several of the other comments.

Can we just delete past performance? Let's delete that past performance.

Then let's go toward the bottom and see what else we have. You say it's down here again at the bottom? Okay, let's delete that.

Anything else here?

(No response.)

- Provide samples to contracting personnel and technical staff of performed based SOWs, QA plans, incentives, etc. for specific type of contracting areas, i.e., IT, health care services.
- Compile a listing of best practices guide to past performance evaluation

V. Evaluation

1. Technical Approach

PARTICIPANT: The first and the third comment really kind of go together. I sort of like the wording in comment number 3, in performance based contracting, you allow the offerors to propose their own technical solutions.

And we, the government, evaluate for reasonableness. It kind of goes with the first comment, will it achieve the desired results. They're giving us the how-to portion of it, and the government is evaluating that.

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MR. BEJARANO: Does everybody agree with that? Okay. Can we bring this one and merge it with this one, this being the surviving one.

Is that what we want? Okay. Great.

Let's move on to the next one, corporate experience.

- Encourage innovation
- In performance based contracting, we allow the offerors to propose their own technical solutions. Evaluate for reasonableness, not based on how the Government thinks it should be done.
- Offeror should in a proposal address their technical approach on implementing statement of work. Will it achieve the desired results?

2. Corporate Experience/Past Performance

PARTICIPANT: Basically here, under corporate experience, first we're looking at what projects they have performed that are similar in nature.

I know there's a lot of issues over well-defined similar. We tried to look at the characteristics of the projects they are proposing and how it relates to the project being solicited.

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Then let's go toward the bottom and see what else we have. You say it's down here again at the bottom? Okay, let's delete that.

Anything else here?

- Offeror shall provide same/similar project experience which will be evaluated on degree of similarity and past performance.
- Past performance information should be submitted within a specific time frame (i.e., 5 years, 3 years).

- Also ask contractor to submit a list of any contracts terminated within last "x" years.
- Need to define what will be considered "relevant" past performance in solicitation
- Important to consider distinction between corporate past performance/experience and past performance/experience of key personnel.
- Need to provide training on how to conduct evaluations of past experience/past performance
- Interview references provided by offeror.

3. Qualifications Of Key Personnel

PARTICIPANT: In the qualifications is geared to what I think understanding. It relates to technical approach, although you're not going to score them under more than one category, but certainly the key personnel that they list in their proposals should reflect their understanding of the work to be performed, based on the background of the people that they're giving you.

MR. BEJARANO: Any comments?

PARTICIPANT: Somebody had a question evidently. That second comment, it sounds like more of a question.

PARTICIPANT: It's answered in the third bullet.

PARTICIPANT: That kind of goes along with understanding the work. If they understand the work, then they should understand what qualifications are necessary, what skills are necessary in order to meet the objectives.

PARTICIPANT: Normally contracts specify the qualifications that are required.

PARTICIPANT: As far as degree requirements and things like that, yes. And I guess it's true, under a large, say, ID/IQ task force contract, like I had one of those where we had 42 skills listed.

We didn't get resumes on everyone, we just defined from first, middle, and senior level what the qualifications were based on experience, professional certification, degree requirements, that kind of thing. That we would list in a solicitation.

PARTICIPANT: The last bullet item, what do you mean by interviews?

PARTICIPANT: I don't think so.

PARTICIPANT: That answers the third comment, answers the question.

MR. BEJARANO: Does everybody agree, delete the question part? Okay, let's delete that.

PARTICIPANT: What's the purpose of that? Wasn't somebody saying, if we're paying for the outcome what difference does it make?

MR. BEJARANO: Interviews?

PARTICIPANT: I'm not sure who raised that question. It wasn't one of us.

PARTICIPANT: If it was truly a performance based contract, they're just supposed to deliver what they're delivering.

PARTICIPANT: Right.

PARTICIPANT: I guess the other thing that should be mentioned under key personnel, because I ran into this just as a habit, we put in key personnel into contract. Well, then the contractor wanted to change their key persons and they asked us to bless off on it like we normally we would.

And we got to thinking, well if it's performance based, we don't care who it is. We're concerned with the output. So we ended up taking it out of there.

PARTICIPANT: It depends on contract type too. When we do health care providers, and you have a physician, obviously they are evaluated and have qualifications that have to be in. The physician himself is evaluated for a lot of things; education, experience, specific hands on patient care stuff. In a sense, he is the deliverable.

PARTICIPANT: Sure.

PARTICIPANT: Also in an IT environment, I think what I said earlier was that there's an assumption that because, you know, IT you know it across the board.

If you work with mainframe computers, that does not mean that you know client server technology, so you may identify what skills or knowledge that a person has to be familiar with.

MS. BROOKS: He has a very valid point. If you're using performance based now, and your focus is on the outcome, why is this an important evaluation factor? I think that's the question because I can usually, I can see it for health care.

PARTICIPANT: What we do, it depends on the circumstances whether we want to dictate who the key personnel or what the categories are and what their education and experience requirements are.

Otherwise, we go out with a solicitation, we allow that contractor to decide what he needs to get the job done, but sometimes you have a project manager, or something like that, that has been proposed

and the feeling in the government is, if they propose Joe Smith, and we are awarding based on the quality of that person, then we are, at that point, we're going to nail him down because his resume was submitted, but we're not going to tell him that he has to have it.

PARTICIPANT: In determining who gets the award, don't you have to make a judgment as to whether or not the contractor, whether you think he's going to be able to achieve the results he says he's going to achieve?

PARTICIPANT: I think that's key personnel. If these people have prior experience in doing similar things, that adds some credibility to criteria 1 where they say, you know, I can tell you how to get the Redskins to the Super Bowl. It doesn't mean they can actually do it. That's where their background is going to come into play.

But this is an example, I think it does tie in there, it may not be in the contract when you award it. You may not have that clause, key personnel, but it adds some validity here to what are their past experiences and qualifications for being able to do what they say they can do.

MR. BEJARANO: Okay.

PARTICIPANT: What do we mean by interviews?

MR. BEJARANO: The question apparently is -- let me ask the group. What do you mean by interviews?

PARTICIPANT: I don't know who came up with that.

PARTICIPANT: Oh, that's a new thing we're considering. We're incorporating them when we do oral presentations to actually interview participants again in the direct health care provider arena.

PARTICIPANT: To get an oral solicitation, you might could get away with that, but not in written.

PARTICIPANT: You don't want to call it the candidate because they're probably working for another company. That causes problems.

PARTICIPANT: Our legal advisor has said some of this is in response to pressure from department heads and what-not. If we're doing oral presentations, they need to actually see the physician that's going to perform, so that's where that came from.

PARTICIPANT: Makes sense.

MR. BEJARANO: Can we move on? Let's move on to cost price.

PARTICIPANT: Cost and price may not be scored but will be evaluated for reasonableness. That's why, that's different from, I guess, what we were initially looking at. We were looking at the cost realism in the proposal.

At least in our agency, we don't evaluate, we don't point score costs. It is something that is considered in the award decision.

Some of these questions kind of go along, may not be scored but will be evaluated for reasonableness, evaluate based on adequate price competition, cost price will not be ranked in best value procurement, but will be evaluated.

I don't know what else to say about it.

PARTICIPANT: Some of those comments kind of duplicate each other.

MR. BEJARANO: Which one would you suggest?

PARTICIPANT: Numbers 1 and 3, I think.

MR. BEJARANO: May not be scored? Cost price will not be ranked. This one, merge it with this one?

Does everybody agree? Okay. Let's merge it with that one.

PARTICIPANT: Maybe the third comment now you can say merge with the first, will be evaluated for reasonableness and realism, or whatever you guys --

PARTICIPANT: Reasonableness and realism.

MR. BEJARANO: Let's edit that then.

PARTICIPANT: After reasonable, add, and realism.

PARTICIPANT: Under what circumstances would you want or need cost and pricing and data for performance-based?

PARTICIPANT: It's not cost and pricing. If you're doing best-value procurement, you take evaluations plus performance evaluations.

PARTICIPANT: That's technical. Under what circumstances--it says cost and prices. Under what circumstances?

PARTICIPANT: Cost or price. I depends.

PARTICIPANT: I'm asking the question, under what circumstances would you want or need cost data?

PARTICIPANT: If I went out with a competitive procurement and I only got one proposal, and I'm automatically out of price competition, I must then go in and do a full blown analysis.

The way that we view this--

PARTICIPANT: Under what circumstances? In a normal situation, where you would expect competition, and it is a performance-based requirement, when would you want or need cost data?

PARTICIPANT: I'm not getting the cost data.

PARTICIPANT: That's exactly right.

PARTICIPANT: But I am--

PARTICIPANT: This takes into account either situation that might happen.

PARTICIPANT: But when would that situation be?

PARTICIPANT: If you don't have adequate competition.

PARTICIPANT: I am asking them to tell me what is your overhead rate, what is your G&A rate, and I am checking that.

PARTICIPANT: Why?

PARTICIPANT: Because of cost overruns, because of buying in.

PARTICIPANT: If it's fixed price contract?

PARTICIPANT: If I'm doing fixed price, then it is bottom line. Bottom line is bottom line.

PARTICIPANT: If you're paying for outcome, why would you have a cost contract?

PARTICIPANT: I may or may not, but I'm saying that if I went out with cost-type because I felt that was the appropriate type of contract.

PARTICIPANT: We're talking about only performance-based contracts.

MR. DENHARDT: Performance-based contracting does not necessarily mean fixed price.

The basic premise that we all must remember is that there are performance-based contracts in the cost environment.

PARTICIPANT: I'm asking for examples.

MR. DENHARDT: I can run a military base or a site overseas. I don't know what all the costs are going to be, so I do it on a cost reimbursable basis.

But, my outcome to is to run that site wherever it is.

PARTICIPANT: By definition, isn't the cost type contract a best efforts contract?

MR. DENHARDT: Not necessarily. It can be.

PARTICIPANT: Absolutely not.

PARTICIPANT: When do you not get the contractor all of his costs?

PARTICIPANT: When do I not give them?

MR. DENHARDT: If he bids a fixed price.

PARTICIPANT: Under no circumstances with a cost reimbursable contract.

PARTICIPANT: Exactly my point.

MR. DENHARDT: You have to make--the type of contract is based upon the risk that you determine, not the job that you're asking the contractor to do. Can he achieve it, and things like that--

So you have to go in and say that fixed price, if performance-based contracting are one in the same, performance-based contracting can cover all contracting.

PARTICIPANT: Didn't everybody agree that the definition of performance-based contracting is an outcome. It's outcome-oriented.

MR. DENHARDT: Yes.

PARTICIPANT: But there may be certain risks associated.

PARTICIPANT: Sure. That's reflected in the price.

PARTICIPANT: That's just that the government doesn't want to pay a high price.

MR. BEJARANO: Excuse me. I'm going to have to step in, because we're really starting to get a little bit off focus on the track we're trying to run up here.

And this isn't--not to cut off the discussion, but, you know, it's another topic that I think we really need to resolve. So, right now, I'd like to just make sure that this is a valid cost/price.

Okay, so let's leave it as such and move on. We're really running out of time.

PARTICIPANT: This one is closely related to the first one. But somebody felt it should be a separate one.

We basically said, that's fine, make this separate and look at other areas, although you could also put these into their technical approach.

MR. BEJARANO: So your suggestion is that it really is part of another?

PARTICIPANT: I think it just depends on how agencies are used to doing it. I mean, our agency usually puts these things under technical approach. How are you going to do this?

That incorporates management plans and other things. It looks like other agencies may make this a separate one.

PARTICIPANT: Some of the subsequent comments are kind of all in the first one.

MR. BEJARANO: Quality control on the contractor's plan? Okay, they're up here, quality control plans.

- Relevant in past performance because sometimes you get contractors who will close up shop because they have a default action under another name. This information can be used to evaluate management type personnel.
- Contractor proposes key personnel (based on their plan). In performance based contracting, this is the offeror's own plan.
- Qualifications can be evaluated based on criteria established by the Government : CVs, experience, education, interviews, letters of recommendation.

4. Cost/Price

May not be scored, but will be evaluated for reasonableness and realism.

- Cost/price will not be ranked in best value procurement, but will be evaluated.
- Evaluate based on adequate price competition
- With respect to cost realism, it is essential that evaluations determine that all elements of the technical proposal have been included and properly priced, e.g., all FTE as shown on organizational charts, materials, equipment, etc.

5. Management Approach

- Offeror describes resource availability, business systems, quality control plans.
- Retainability of personnel, compensation plans, qualified personnel, recruitment, professional development
- Problem resolution, subcontractor management
- Evaluate offeror's approach to meeting the Government's needs based on their own submission.

6. Small Business/Small Disadvantaged Business Subcontracting

PARTICIPANT: Again, this is one of those that transportation apparently makes this an evaluation criterion.

Our agency essentially reviews the plan, but we don't point-score, so it's not considered a separate evaluation criterion, but we left it in.

- This is a required evaluation factor in transportation/transportation related services. May be required in other contracts as well.
- May not be an applicable evaluation requirement in other agencies.

7. Questionable Ideas

PARTICIPANT: These essentially are things that we felt were process-oriented and not evaluation criteria in and of themselves. We can go through them and if anybody feels--

MR. BEJARANO: There are 37 of them. We don't really have time to go through all of them. I guess, for the group, if you could scroll through them quickly, and you have any of them

that you feel should really go in one of the other categories--I mean, we're not going to lose the comments.

The comment will continue to be capture and be there. But if it's really something other than what we're discussing right now, the evaluation criteria--

MS. BROOKS: I've reviewed them and from my purposes, I agree that there are other processes, other issues that I could very easily move to something else. We don't have to go through that.

Unless somebody else had some heartburn on something there, I'm comfortable with the way that they set this up.

MR. BEJARANO: Okay, good.

What I'd like to do then, Tricia, please, is to move all that, the questionable, and make that a separate bucket, as well call it, so that when Pat gets that, she'll see that as a separate item altogether.

And then let's move on to the next category, which will be then the transition plan. We can do that later.

- Define Evaluation Criteria in Solicitation
- Must evaluate proposals based on defined criteria
- Relative importance of specific criteria must be defined in request for proposals, and proposals must be evaluated accordingly.
- Oral presentations
- Cuts down on length of procurement
- Discussions issue. If questions are asked during oral presentation, does this constitute discussions. (We believe so). Therefore, have you entered into negotiations, and must you cover all negotiable areas (as you would in written negotiations) with all offerors in the competitive range. If so, the contracting officer must monitor closely to avoid losing a protest on these grounds.
- Technical evaluation team must be present.
- Only useful where used in lieu of written proposal (or portion thereof)

- Asking clarifying questions during Oral Presentations are not discussions. Questions related to an offerors weaknesses are discussion.
- Important to make a record of the oral presentation (video taped)
- Need to develop plan for evaluating oral presentation
- Consider how conflicts between oral presentation and written proposal will be handled
- Oral Presentations address the process and are not an evaluation criteria.
- Critical Subcontractors
- We need to look at the contract type, performance area, their past performance and relevant experience, and costs.
- Please clarify need to establish as a separate criteria.
- Basis of award
- Price/cost
- Greatest value
- Price/cost, technically acceptable
- Basis for award is defined in request for proposals
- Past performance
- State whether award (should) be made on initial submissions, without discussions.
- Based on lowest priced, technically acceptable offer? Or best value.
- Basis of award is process oriented and is not an evaluation factor
- Minimize number of evaluation factors to key areas
- If necessary, sub-factors may be added to provide information to offerors
- General Comment: the evaluation criteria should be consistent with the work statement requirements and be limited to key components--past performance and one or two other factors that address the probability for successful implementation.

- This is a step in developing the evaluation plan and is not a component of evaluation criteria.
- Government Evaluation Team
- Need to ensure qualified technical evaluation team members. They should be individuals involved in drafting statement of work, or experts brought in for technical evaluations, if qualified individuals are not available on site.
- Evaluation team must have thorough understanding of solicitation (from experience in development) and expertise in performing technical evaluations.
- Evaluators must provide narrative descriptions, not just numerical scores or ratings.
- Process oriented not evaluation criteria
- Financial viability and stability
- This is a responsibility determination issue and is not an evaluation criteria.
- We thought the transition plan was for the Government.

Not from a contractor. The transition period in any contract should be defined as that period of time needed by both the Government and the contractor (both incumbent and incoming) to properly close out the old contract and lay the ground work to successfully commence the new contract. Transition actions need to involve the Government and at least the new contractor working as a team and setting the tone and working relationships for the future. Obviously, there are many actions to be taken during transition that are inherently governmental in nature, such as training, and these should be accomplished as necessary.

VI. Transition Plan

1. Define Transition Plan

- For example: Legal Staff, COR/COTR, ACO ,Requirements, Contracting Officer
- Post Award, Resource Analyst
- How about Contractor representatives as appropriate?
* Contractor representatives should be informed pre-proposal regarding changes.
- Training to shift from design based statements of work (telling the contractor how to do the task) to performance-based statement of work
- If responsibilities and roles are well defined, performance will be better.
- Timeline for training
- When should the training be conducted?
- Begins with solicitation planning and continues through implementation

2. Train Team Members About PBSC And How It Pertains To That Procurement

- This could be part of job descriptions and performance appraisals.
- Move to ?
- This training should be done well in advance of subsequent procurement planning. Define actual point at which training should take place.
- Start early in solicitation process
- Tailor to particular environment
- Educate on the benefits of performance-based SOW
- Emphasize how the role of Government personnel will be different under PBSC and which business processes must be revised
- Training customers receiving the services
- Market the change/new concepts

- If performance is evaluated, then the members need to know the new performance measures. Hands on vs hands off.

3. Training The Quality Assurance Personnel

- How to use the QA plan, sampling guide, inspection sheets
- How to random sample and use other inspection methods to build an inspection schedule
- Train them for any new technology used in this contract
- How to report contractor performance, recommending increases or decreases in the level of surveillance, issuing CDR's, etc.
- Formal training should be provided
- Training should be mandatory. Personnel who are not adequately trained but perform tasks inadequately cost the Government time and money.

4. Revise Existing Guidance To Customers

- If guidance has been provided on how to write a SOW, it needs to be updated to incorporate PBSC. Also update as changes occur, not periodically.
- Idea! Set up a web page under the Acquisition Reform Home Page for a transition plan to assist in the education of technical resources people on the procurement environment.
- Develop PBSC training directed to project/program managers, requiring activities. Teach them how to do task/job analysis and how to write PBSC SOW

**5. Inform Upper Management Of Improvements/Cost Savings
Associated With The PBSC**

- How can cost savings be determined up front?

VII. Savings

1. Are There Savings In Fixed Price

- Greater incentive to the contractor to manage cost effectively
- Fixed price contracts for commercial services shift the oversight risk to the contractor and are much easier and less expensive to monitor than cost type contracts.

2. How Do You Measure Savings?

- Elements of Savings: acquisition workforce costs/time, administration costs, program personnel time saved in preparing procurement packages (no detailed statements of work), actual award vs. government IGCE
- What are the savings in going from specs. contract to PBSC?
- Need historical data as to what the costs were prior to going to PBSC to determine if costs savings are applicable
- Use of PBSC is often combined with other acquisition streamlining initiatives so that it may be difficult to determine the source of any cost savings.

3. Competition

- Yes and no to savings. Under PBSC can the government determine whether an offeror is trying to buy-in?
- Does competition create cost savings in "best value" procurements?

4. Savings Categories

- FTE
- Dollars
- Time
- Materials
- FTE - Use of part-time or job sharing employees could save \$.
- Authorize use of GSA schedule, other government supply sources.

- Level of effort indicates number of hours and skill mix. PBSC would allow the offerors to propose the number and types of people to perform the work.
- Incentive cost avoidance. By comparing actual material costs to historical material cost., adjust by the appropriate producer price index (PPI).
- Use of used material versus new material
- Savings can be achieved by allowing the contractor to use his own methodology.
- Savings really depend on type of contract. Allowing contractor to use his own methodology may not result in cost savings under cost type contract.

**5. Potential Cost Savings Should Not Be The Primary Goal Of PBSC.
The Primary Goal Should Be Improved Performance.**

VIII. Impediments

1. Corporate Culture & Mindset

- Resistance to change (want to continue same way of doing things--control operations), program personnel enjoy day-to-day involvement in technical details and feel PBSC is the "handwriting on the wall" to seek gainful, challenging employment else where
- Loss of control of government program personnel
- For scientific research, the mind set is that if cost is incentivized, then this will restrict the science being explored.
- For scientific research, the government works closely with contractors. PBSC hands off approach is difficult.
- No consistent corporate idea of what constitutes a performance specification.
- Establishment of incentives for universities and nonprofit organizations
- Contract performance may be essential to accomplishment of military Commander's mission and success/failure of contract may impact his/her performance rating. Commanders are reluctant to release control of day-to-day mission accomplishment to contractor.
- Fear of change This
should be part of cultural mindset.
- Loss of control over the process Which
process?
- Risk of doing something innovative

2. Lack Of Training

- When the push for PBSC was started, minimal guidance and samples were provided. This caused frustration amongst the technical, resources and procurement fields.
- The technical/requirements personnel responsible for developing SOWs and determining requirements have to be trained in how to write PBSC SOWs.

3. Inability To Define Outcome

- Evolving science is difficult to determine final outcome.

4. Outcome Is Influenced By Uncontrollable Variables

- Contractor cannot control all of the inputs necessary to generate the deliverable/service (may indicate an area unsuitable for PBSC).
- Changing political considerations/priorities
- Changing management styles/direction of senior officials
- Situation variables such as health care were things changed day-to-day. Difficult to establish performance parameters.
- Establishment of incentives for universities and nonprofit organizations
- Changing technology

5. Statutes/Laws

- Statutory pay caps for direct health care providers.
- Statutory fee caps
- Cargo preference acts/requirement for use of American Flag carriers limits contractors flexibility in responding to requirements.
- Privacy Act

6. Protests

- Slows down procurement process

7. Showing Direct Relationship From Service To Outcome Measure

8. Inflexibility Of Service Contract Act

- Flexibility in determining optimum place of performance may be limited.
- Successor contract requirements of Section 4(c) of SCA "locks" Government contractors into payment of union-level wages. This increases the non-union contractors' cost of doing business and prevents non-union contractors from offering the Government the same lower-priced services they can offer their commercial customers.

9. Changing Customer Requirements/Expectations

10. Lack Of Staffing

- Due to government downsizing, there are not enough people (qualified or unqualified) to participate in the development and implementation of PBSC SOWs, surveillance plans, quality assurance plans, etc.

11. Not A Clear Definition Of PBSC Between OFPP, Private Industry And Government Agencies

- Excellent point!

12. Possible Lack Of Funding

- Sometimes seed money may be required.
- Additional money for incentives may not be available.
- Budget drives requirement versus the outcome desired

13. In The IT Field, New Incentive Plans May Have To Be Rewritten Frequently

14. Constraints

PARTICIPANT: We thought that whole thing should just be combined with the impediments category.

Somebody's commenting there that we agreed with--these are really all impediments to using PBSC, at least the way we looked at it.

MR. BEJARANO: Okay.

MS. BROOKS: Whether we move them or not at this point, I'd just like to discuss some of these.

Talk to me about the first bullet there, Consider Alternatives to Policy and Regulatory Constraints.

What do you mean? Constraints implies that there are some barriers or hangups or some problems that are impeding you or making PBSC difficult to do or unlikely to do.

So, I need some further clarification on most of the bullets here.

PARTICIPANT: I think that when we added that comment, we were thinking in the global sense, the general sense, not with respect to any one particular law or regulation, but just with the recognition that as we're planning our solicitation and requirements, we will occasionally come upon rules, policies, laws, that get in our way.

And what I was thinking about here is that we need to consider those things up front and try to determine if there's a way of getting around it, and whether there's a way of presenting alternatives.

One thing we do at the Army Research Lab, we are considered a re-invention lab, and we have the capability under that program to waive certain policies and regulations that may impede our requirement.

It's an application process, and we have to apply to have these rules and regulations waived. But that's a possibility that can help us acquire our requirements.

This is what I had in mind when I said we need to consider alternatives, look at the policies and regulations in place, and try to determine whether it's going to impede our progress. If so, how can we try to get around that?

Again, we were thinking in a general sense, not with respect to one particular law.

MS. BROOKS: Could you add in there, then, example, re-invention lab, and that will trigger kind of where they were heading on this.

PARTICIPANT: And there are other re-invention labs.

MS. BROOKS: Okay. The next one, Consider Industry Capability/Capacity.

PARTICIPANT: I think I mentioned this before. Some of the initiatives that we have in the transportation contracting arena involved coming up with these rather large contracts where you have a single contractor that's responsible for doing all of the transportation of military service members' cars around the world.

And one of the things that we're finding is sometimes there's not that capability out there. What our folks want and what's available in the industry are two different things.

So, that's something you have to consider when you're developing your solicitation. You know, you've got something that you're not setting the contractor up for an impossibility of performance.

The capability is out there, either in an individual contractor or in some kind of a partnering arrangement. So, you have to consider that when you're setting up your requirements.

PARTICIPANT: How is that an impediment to performance-based contracting?

PARTICIPANT: I'd see that as a impediment to any contracting.

PARTICIPANT: You can still write a performance-based contract; you just may have to have a smaller scope.

PARTICIPANT: I just looked at it as something that would not necessarily impede your progress, but you just have to consider.

PARTICIPANT: Don't you have to consider that, no matter what type of contracting you're doing?

PARTICIPANT: Sure.

PARTICIPANT: Even if you're just going out to buy a piece of hardware, you need to know if somebody out there can do this.

I don't see this as applying specifically to performance-based contracts, but to contracting in general.

PARTICIPANT: The only way I could see it would make a difference is if there needed to be consistency. In other words, if you have two contractors that are getting to the same end, but they're doing it in different ways, if that's going to cause any problems for the government as far as monitoring, I mean, other than that, I could not think of any reason why that would make a difference.

MR. DENHARDT: I think where this comes into play most of the time is where you're having a task order contract where you can't define what it is you want exactly, up front, the number of times the contractor is going to do something.

Therefore, you have to have surge capability, for example, in the transportation area. Are you going to move ten cars this week, or are you going to move a thousand cars?

One contractor could probably move ten, but if you ask him to move a thousand, you're beyond his capability. You want to see what his ability to bring in other resources would be.

So it's not necessarily a constraint on performance-based service contracting. It really applies to all requirements of that type, whether it's fixed-price or whatever.

MS. BROOKS: So we need to move this to create another category of general, or delete it totally?

MR. BEJARANO: Could we capture this under impediments? Are we saying that that's the case?

PARTICIPANT: As I said before, it's not necessarily an impediment; it's just something you have to consider.

PARTICIPANT: I think it could certainly add to the administrative burden of monitoring the contract. I mean, I'm in a situation where we have a task order contract.

We're performing services and two contracts were awarded and they both had different plans for how they're going to achieve the work. Essentially what it means is, the project officer or the people that are monitoring the work need to understand that this contractor does things differently than Contractor B, and they need to remember who they are dealing with at that time. That's the only difference that I can see.

MS. BROOKS: But you're going to be in that environment anyway.

PARTICIPANT: If you're under a specification-based contract, you're telling them how to do it, and they're both going to do it the same way. So you don't have that situation.

MS. BROOKS: No. Their processes still may be different.

PARTICIPANT: Well, if we tell you how many factors to bring and this is how you're going to do the work, then they're both doing it the same way.

On a performance-based, you're allowing them to determine how they are going to do that. Therefore, that's where the differences may come into play.

I'm just saying that it is something additional. I'm not saying--it's certainly not a barrier, but it's going to add to the administrative burden.

PARTICIPANT: The same thing applies no matter what kind of contract you are doing.

PARTICIPANT: The way I understand performance-based contracting is, you let the contractor decide how they're going to meet the end objective.

You let them determine the management ability of it. The other alternative is specification-based, where the government tells them how they want it done.

PARTICIPANT: This is not talking about how to do it, this is talking about capacity capability.

PARTICIPANT: Capacity and capability are a contractor issue, and that's different. I'm saying, if you're looking at what is the difference on the government side, I agree.

You're going to have the capacity. Can a company perform 500,000 inspections in the period that we want them done? If not, we're going to have to award two contracts, regardless of whether it's performance-based or specification-based.

But when you get into what is the difference between specification-based and performance-based, it's a matter of--the only variable I see is, you're letting the contractor determine the how-to part of the equation, and there are differences.

PARTICIPANT: I think we agree on that.

PARTICIPANT: Well, when you get into that situation, then it puts an added requirement on the program people who have to oversee those contracts. That's the only difference I see.

PARTICIPANT: I agree. But when I'm awarding an R&D contract for hydrodynamics research, I could have surge requirements within that, and I'm very doubtful that that contract is going to be performance-based, because it is R&D.

But before I award a contract, one of my considerations has got to be the capability to get that research, the capability of a contractor to be able to meet surge requirements.

If I have testing going on out in the middle of the Atlantic, and I have five of those tests going, I need to consider whether or not a contractor could handle that, because it's important to the Navy.

PARTICIPANT: But that's a capability.

PARTICIPANT: All I'm saying is that that has to be a consideration in any contract that you work.

PARTICIPANT: I agree. But if you're awarding medical contracts, under that scenario, would both contractors be performing the work in the same manner if they were specification-based?

MS. BROOKS: No. Tim?

MR. DENHARDT: We've moved out of constraints into another area called evaluation. If you write your performance-based Statement of Work that says this is

what I want done, the contractor then submits a proposal to you that says I can or cannot meet your capability. Here's how I am going to do it.

You have to evaluate, does he have the capacity? Does he have the capability of doing that? He may provide you with the name of three subcontractors he's going to use in meeting your requirement. But the question still comes back, is that a constraint or an impediment to doing performance-based service contracting?

MS. BROOKS: No.

MR. BEJARANO: A comment here?

PARTICIPANT: A valid consideration that should be moved to Number 1 as part of requirements definition, and also, industry capacity is something to look at under evaluation criteria.

This should be part of the requirements definition.

MR. BEJARANO: The consideration should be part of the requirements definition; does everybody agree with that?

PARTICIPANTS: Yes.

MS. BROOKS: So you're recommending that we move all of the constraints right now to impediments, and then when we look at impediments, we'll go through them?

MR. BEJARANO: That's what I hear the group saying. Delete that one from there, and then let's go back to take all of these, and let's move them over to impediments. Is there one particular one here that we should move as we look at this, impediments, or should we create a whole new bucket for it?

PARTICIPANT: A whole new bucket.

MR. BEJARANO: A whole new idea. Add the idea.

MS. VOORHIES: What do you want to call it?

PARTICIPANT: Can we call it constraints?

MR. BEJARANO: Constraints, let's call it constraints. They come across together and we can clean those up later, so let's just leave it there. Let's park it there for right now. Let's go back then to the requirements definition.

I think we had one more. Let's eliminate this one, because we've moved everything out of there. You can delete that particular idea.

Now we've got this area that needs the most intensive training effort.

PARTICIPANT: That's true.

PARTICIPANT: That was a bullet that was added by another subgroup, but we certainly agree with it.

MR. BEJARANO: You want to leave it as a main idea?

PARTICIPANT: Personally, I don't think it's a main idea.

MR. BEJARANO: It's just a requirement.

PARTICIPANT: It's just a comment regarding the requirements definition.

MR. BEJARANO: Should this actually be part of this over here, or both of these?

MS. BROOKS: Ray, if we took it out here, and everybody agrees that this is one of the primary areas. When they do their ranking later on, wouldn't this come up at the top or at least close to the top of the requirements definition?

MR. BEJARANO: We can leave it there. Okay, let's leave it there. That way you can prioritize it when we got to the actual ranking of these.

- Consider alternatives to policy and regulatory constraints (example: reinvention lab)
- Industry resistance to change
- Funding limitations
- Statutory/regulatory restrictions, e.g., inherently governmental function
- Government's ability to clearly define needs
- These should be consolidated with impediments.
- Lack of qualified personnel to develop requirements. May want to partner with another agency to obtain input (don't reinvent the wheel).

IX. Liability

1. Environmental

- "Cradle-to-grave" concept
- Government cannot pass its liability on to a second party (contractor)
- Please clarify 2nd comment
- Please clarify environmental

2. Responsibility For GFE/GFP

3. Copyright/License Infringement

- Technical Data Rights

4. Malpractice

5. Technical Monitoring Risks Associated With Relinquishing Of Control Levels Inherent In PBSC

- Government has less technical risk with a performance spec than they do with a design spec because the Government did not draft the methodology. The contractor is responsible for making it work; therefore, the technical risk is on the contractor.
- Could have impact on a critical path if the "widget" does not meet the performance standards required. Time may not be available for correcting the problem.

6. Protests

- Please clarify relationship to liability

7. Criminal And Civil Liability

8. Disputes/Claims Over Deduct Decisions

- There should be no disputes/claims issues on deducts.

9. Collateral Problems Associated With Alternative Methods Of Performance

- Sometimes the process must be defined.
- Progress (i.e., technology, statutes, etc.) sometimes dictates a change in the method of performance.
- Addition to comment 2: quick advancement of technology.

X. Criteria/Candidates for PBSC

1. Can Outcomes Be Defined And Measured?

- Clearly established deliverable and outcome requirements stated in terms of desired results are required for PBSC, otherwise the requirement should not be procured as a PBSC.

2. Historical Data Indicators

- Direct Health Care Providers - Cannot define historical data as it is based on patient load/treatment requirements.
- Government often fails to keep their data current/updated.

3. The Approach Is Not Critical Meeting Required Outcome

4. Contractor Should Have Control Over Inputs In Order To Achieve The Desired Results.

- How would we define control over inputs if there will be collaboration with other contractors, especially contracts written for scientific research?

5. Is PBSC Cost Effective?

- Can lead to a better definition of the requirement. The activity has to relook the needs and this can lead to identifying tasks which are not necessary.
- Depends on the contract type. For example: Under a CPFF contract, the contractor could overrun the contract with no penalty. Under a CPIF contract where cost is incentivized a contractor will hold more true to the budget because it affects his profit line.

6. If The Total Contract Cannot Be PBSC Can Part Of It?

- Yes. Could develop a hybrid contract type. GSA has already accomplished this in a vehicle maintenance contract where the pricing mechanism for some of the contract services was changed from a time and materials basis to a per job basis.

7. Facility Support Services

8. Administrative Support Services

9. Transportation Support Services

10. Warehouse/Support Services

**11. Almost All Services Could Potentially Be PBSCs Especially
Certain Parts Of A Contract**

- Yes all services could potentially be PBSC; however, one needs to look at the value added to the government and the ability to define the requirement in terms of outcome.

XI. Procurement/Program Office Teaming

1. Before Drafting The Requirements Document Have Meeting To Define Requirements.

- Usually the technical personnel write the requirements when what is needed by the technical writer is the input of the contracting/procurement side.
- One purpose would be to have a meeting of the minds with regards to the Statement of Work.
- Comment: This is Acquisition Planning.

2. Combined Training For Program/Procurement Team Before Requirements Document Is Drafted.

3. Form The Project Team As Early As Possible And Keep Together Throughout The Procurement.

4. Conduct Procurment Strategy Meeting With Administrating Contracting Officer, Program Office And The Procuring Contracting Officer At A Minimum

XII. Voting Results

A) Ballot

Method: 10-Point Scale

Options:

Descriptions:

Rate from 1 to 10, with 10 the highest value.

Vote On: SubItems of Primary List

Primary List:

SubItems = 81

N: 6

B) Vote Spread

- Sorted by Mean

Statistics (REQUIREMENTS DEFINITION)

Total 26.83

Mean 8.94

High 9.17

Low 8.67

STD 0.25

N 6

Statistics (QUANTIFIABLE PERFORMANCE STAND)

Total 44.67

Mean 7.44

High 8.83

Low 6.17

STD 1.12

N 6

Statistics (QUALITY ASSURANCE PLAN)

Total 50.17

Mean 7.17

High 8.33

Low 3.17

STD 1.85

N 6

Statistics (INCENTIVES)

Total 60.17

Mean 6.02

High 8.83

Low 4.17

STD 1.42

N 6

Statistics (EVALUATION CRITERIA)

Total 50.67

Mean 7.24

High 9.17

Low 3.33

STD 2.29

N 6

Statistics (TRANSITION PLAN)

Total 37.67

Mean 7.53

High 8.83

Low 5.83

STD 1.10

N 6

Statistics (SAVINGS)

Total 33.67

Mean 6.73
High 8.33
Low 4.83
STD 1.51
N 6

Statistics (IMPEDIMENTS)

Total 86.00
Mean 6.14
High 9.83
Low 3.33
STD 2.07
N 6

Statistics (LIABILITIES)

Total 41.67
Mean 4.63
High 6.50
Low 2.83
STD 1.18
N 6

Statistics (CRITERIA/CANDIDATES FOR PBSC)

Total 83.17
Mean 7.56
High 9.00
Low 5.67
STD 1.03
N 6

Statistics (PROCUREMENT/PROGRAM OFFICE TEA)

Total 33.00
Mean 8.25
High 8.83

Low *7.17*
STD *0.75*
N *6*

Acquisition Reform Focus Group
Performance Based Service Contracting (Multiple Groups)
May 14-15, 1997

1	REQUIREMENTS DE																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
1.1	Determine overall								2	1	3	55	9.17	10	10	8	0.98
1.2	Define objectives/							1	1	1	3	54	9.00	10	10	7	1.26
1.3	This area needs th					1			1	1	3	52	8.67	10	10	5	1.97
2	QUANTIFIABLE PERI																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
2.1	Customer satisfact							1	1	2	2	53	8.83	??	10	7	1.17
2.2	Physically measura						1		1	2	2	52	8.67	??	10	6	1.51
2.3	Schedule					1	1		2	1	1	46	7.67	8	10	5	1.86
2.4	Productivity					1	1	3	1			40	6.67	7	8	5	1.03
2.5	Applicable/measura			1		1	1	1		1	1	40	6.67	??	10	3	2.58
2.6	Cost reduction		1		1			1	3			37	6.17	8	8	2	2.56
3	QUALITY ASSURANC																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
3.1	Content of QA Plan						1	1	1	1	2	50	8.33	10	10	6	1.63
3.2	Preparation					1			1	3	1	50	8.33	9	10	5	1.75
3.3	Implementation of				1			1	1	1	2	48	8.00	10	10	4	2.28
3.4	Definition					2				2	2	48	8.00	??	10	5	2.37
3.5	Purpose					1	1		1	3		46	7.67	9	9	5	1.75
3.6	Standards			1			1	2	1	1		40	6.67	7	9	3	2.07
3.7	Resistance from Te		1	4		1						19	3.17	3	5	2	0.98
4	INCENTIVES																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
4.1	structure bid sche			1							5	53	8.83	10	10	3	2.86
4.2	incentive fees				1		1	2		1	1	43	7.17	7	10	4	2.14
4.3	award fees				1	1	1	1			2	42	7.00	10	10	4	2.53
4.4	mulitple award con					1	1	2	2			41	6.83	??	8	5	1.17
4.5	Training Suggestio	2					1	1			2	35	5.83	??	10	1	4.07
4.6	partial withholdin		1		1		2	2				32	5.33	??	7	2	1.97
4.7	past performance r	1		1	1		1		1		1	32	5.33	??	10	1	3.33
4.8	performance requir	1			2	1		1		1		30	5.00	4	9	1	2.76
4.9	determination to e	1	1		1	1		1		1		28	4.67	??	9	1	3.01

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4.10	value engineering/	1	1		2		1		1			25	4.17	4	8	1	2.56
5	EVALUATION CRITERIA																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
5.1	Corporate Experien							1		2	3	55	9.17	10	10	7	1.17
5.2	Technical Approach						1			3	2	53	8.83	9	10	6	1.47
5.3	management approac								3	2	1	52	8.67	8	10	8	0.82
5.4	Qualifications of						2			2	2	50	8.33	??	10	6	1.86
5.5	Cost/Price					2			1	2	1	46	7.67	??	10	5	2.16
5.6	Small business/sma		1	1	1		2	1				28	4.67	6	7	2	1.97
5.7	Questionable Ideas	1	2	1		1		1				20	3.33	2	7	1	2.25
6	TRANSITION PLAN																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
6.1	Train Team Members							2		1	3	53	8.83	10	10	7	1.47
6.2	Define transition				1		1		1		3	48	8.00	10	10	4	2.53
6.3	Revise existing gu					1		1	3	1		45	7.50	8	9	5	1.38
6.4	Training the Quali				1			1	3		1	45	7.50	8	10	4	1.97
6.5	Inform upper manag			1		2	2				1	35	5.83	??	10	3	2.32
7	SAVINGS																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
7.1	Savings Categories						1	2			3	50	8.33	10	10	6	1.86
7.2	How do you measure						3			1	2	47	7.83	6	10	6	2.04
7.3	Competition			1		1	1			1	2	43	7.17	10	10	3	2.93
7.4	Are there savings		1	1		1	1	1			1	33	5.50	??	10	2	2.88
7.5	Potential cost sav	1	1		1		1		2			29	4.83	8	8	1	2.99
8	IMPEDIMENTS																
	(N = 6)																
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD
8.1	Corporate Culture									1	5	59	9.83	10	10	9	0.41
8.2	Lack of training								1	3	2	55	9.17	9	10	8	0.75
8.3	Inability to defin					1			1	2	2	51	8.50	??	10	5	1.87
8.4	Outcome is influen					1	1	1	2		1	44	7.33	8	10	5	1.75
8.5	Changing Customer		1				1	1		2	1	43	7.17	9	10	2	2.93
8.6	Statutes/Laws		1			1	1			1	2	42	7.00	10	10	2	3.22
8.7	Not a clear defini	1		1		1	1				2	35	5.83	10	10	1	3.66
8.8	Inflexibility of S		1			1	2	1	1			34	5.67	6	8	2	2.07

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8.9	Showing direct rel			1		4				1			32	5.33	5	9	3	1.97
8.10	Lack of Staffing	1		1	1	1		1		1			29	4.83	??	9	1	2.86
8.11	Constraints		2	1	1		1		1				25	4.17	2	8	2	2.40
8.12	Possible lack of f	2		1	1		1			1			24	4.00	1	9	1	3.10
8.13	In the IT field, n	1		2	2				1				23	3.83	??	8	1	2.32
8.14	Protests	2		2		1		1					20	3.33	??	7	1	2.34
9	LIABILITIES																	
	(N = 6)																	
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD	
9.1	Environmental			1		1	1		2	1		39	6.50	8	9	3	2.26	
9.2	Collateral problem	1		1			1	1	1		1	35	5.83	??	10	1	3.31	
9.3	Responsibility for		1		2			2		1		33	5.50	??	9	2	2.59	
9.4	Copyright/license		1		1	2		2				30	5.00	??	7	2	1.90	
9.5	Disputes/claims ov	1		1	1	1	1		1			27	4.50	??	8	1	2.43	
9.6	Technical Monitori	2			1	1	1		1			25	4.17	1	8	1	2.79	
9.7	Malpractice		3		1		1	1				23	3.83	2	7	2	2.23	
9.8	Criminal and civil	1		2	2		1					21	3.50	??	6	1	1.64	
9.9	Protests	3		1	1			1				17	2.83	1	7	1	2.40	
10	CRITERIA/CANDIDATE:																	
	(N = 6)																	
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD	
10.1	Historical data in								1	4	1	54	9.00	9	10	8	0.63	
10.2	Can outcomes be de				1					1	4	53	8.83	10	10	4	2.40	
10.3	Almost all service							1	2	1	2	52	8.67	??	10	7	1.21	
10.4	The approach is no						2		1	1	2	49	8.17	??	10	6	1.83	
10.5	Contractor should							4	1		1	46	7.67	7	10	7	1.21	
10.6	Warehouse/support	1						1	1	2	1	44	7.33	9	10	1	3.27	
10.7	Administrative sup	1						1	2	1	1	43	7.17	8	10	1	3.19	
10.8	Transportation sup	1						1	2	1	1	43	7.17	8	10	1	3.19	
10.9	Facility support s	1						2	1	1	1	42	7.00	7	10	1	3.16	
10.10	If the total contr		1				1	2	1	1		39	6.50	7	9	2	2.43	
10.11	Is PBSC cost effec				1	3		1	1			34	5.67	5	8	4	1.51	
11	PROCUREMENT/PROG																	
	(N = 6)																	
	Primary List	1	2	3	4	5	6	7	8	9	10	Total	Mean	Mode	High	Low	STD	
11.1	Before drafting th			1							5	53	8.83	10	10	3	2.86	
11.2	Form the project t						1	1		1	3	52	8.67	10	10	6	1.75	
11.3	Combined training					1			2	1	2	50	8.33	??	10	5	1.86	
11.4	Conduct Procurement						3	1		2		43	7.17	6	9	6	1.47	

XIII. Survey Results

1. Do you feel all the issues regarding Performed Based Service Contracting were covered in the workshop? Please comment.

A) Ballot

Method: Open-Ended

Options: Allow Bypass

Maximum Number of Characters: [12288]

Descriptions:

Click in the box to enter text.

B) Text Responses

Total Number of Respondents (N): 6

Number of responses to this question (n): 5

1. It appears that we did, however, with PBSC being a new approach, it is difficult to know for sure.
2. No. Not sure this was possible though. Workshop was useful in showing that a "one size fits all" approach to PBSC will definitely not work.
3. Difficult to assess
4. It is most likely impossible to cover all issues in less than 1 month.
5. Yes as well as possible over 1.5 days with multiple types of contracting.

2. I felt the daily objectives were met.

A) Ballot

Method: Agree/Disagree (5-point)

Options: Allow Bypass

Descriptions:

SA-Strongly Agree A-Agree N-Neutral D-Disagree
SD-Strongly Disagree

B) Results Spread

<i>Choices</i>	<i>Count</i>
SA(5)	2
A(4)	4
N(3)	0
D(2)	0
SD(1)	0

Statistics

<i>Total</i>	26
<i>Mean</i>	A(4.33)
<i>Mode</i>	A
<i>High</i>	SA
<i>Low</i>	A
<i>STD</i>	0.52
<i>N</i>	6
<i>n</i>	6

3. What went well in the workshop? Please comment.

A) Ballot

Method: Open-Ended

Options: Allow Bypass

Maximum Number of Characters: [12288]

Descriptions:

Click in the box to enter text.

B) Text Responses

Total Number of Respondents (N): 6

Number of responses to this question (n): 6

1. The "group" relationship; the teaming effort to achieve a consensus; and the use of innovative software to brainstorm.
2. Promoted differing points of view, experience, etc.
3. Computer based system having lunch on-site.
4. Technological facilitation help to speed the process significantly. Good mix of experience between the participants.
5. Sub group activities and group software were great. Exchange of ideas in large group were interesting.
6. Using the Electronic Meeting System for brainstorming.

Pat is very experienced at doing this type of Focus Group and led us well.

4. What would you change about the workshop? and How?

Please comment.

A) Ballot

Method: Open-Ended

Options: Allow Bypass

Maximum Number of Characters: [12288]

Descriptions:

Click in the box to enter text.

B) Text Responses

Total Number of Respondents (N): 6

Number of responses to this question (n): 6

1. No particular thoughts on how the process could be improved or changed.
2. Focus tended to drift from the main topic to general contracting issues. Providing stronger guidance on the actual topic may have helped.
3. Needs to be full two days.
We were rushed in the end.
Participants should expand on ideas when entering a category by providing additional comments.
Facilitator should walk around and monitor work after giving instructions to be sure that group understood instructions.
4. Define the categories. In addition, it would be helpful for the participants to elaborate on the meaning of their comments.
5. Very well organized but rushed--need more time to discuss issues at length.
6. Occasionally the environment was problematic -- too hot, too many people sharing the computer -- room seemed small for the number of participants.

5. I felt the facilitators kept us on track.

A) Ballot

Method: Agree/Disagree (5-point)

Options: Allow Bypass

Descriptions:

SA-Strongly Agree A-Agree N-Neutral D-Disagree
SD-Strongly Disagree

B) Results Spread

<i>Choices</i>	<i>Count</i>
SA(5)	2
A(4)	3
N(3)	1
D(2)	0
SD(1)	0

Statistics

<i>Total</i>	25
<i>Mean</i>	A(4.17)
<i>Mode</i>	A
<i>High</i>	SA
<i>Low</i>	N
<i>STD</i>	0.75
<i>N</i>	6
<i>n</i>	6

6. The use of Electronic Meeting Systems was beneficial in gathering information and reaching consensus.

A) Ballot

Method: Agree/Disagree (5-point)

Options: Allow Bypass

Descriptions:

SA-Strongly Agree A-Agree N-Neutral
D-Disagree SD-Strongly Disagree

B) Results Spread

<i>Choices</i>	<i>Count</i>
SA(5)	6
A(4)	0
N(3)	0
D(2)	0
SD(1)	0

Statistics

<i>Total</i>	30
<i>Mean</i>	SA(5.00)
<i>Mode</i>	SA
<i>High</i>	SA
<i>Low</i>	SA
<i>STD</i>	0.00
<i>N</i>	6
<i>n</i>	6

7. General Comments?

A) Ballot

Method: Open-Ended

Options: Allow Bypass

Maximum Number of Characters: [12288]

Descriptions:

Click in the box to enter text.

B) Text Responses

Total Number of Respondents (N): 6

Number of responses to this question (n): 6

1. I appreciate the opportunity to participate in this process. I believe this was a very useful exercise, however, that remains to be seen.
2. Regarding item 6, I'm not sure the computer system facilitated consensus--it was a very efficient and useful idea gathering and recording tool though.
3. Enjoyed participation
Facilitator kept us on track very well on the first day
Recommend that you provide print out of all comments prior to group consolidation - allow time for review
4. None
5. Good Luck. It was informative to find out what counterparts are doing at other agencies. We were very pleased that someone cares enough to focus on Performance Based Contracting and have a focus group. It's helpful to the working troops to get guidance and offer feedback. Also, there was a lot of information shared that non-procurement personnel may be unfamiliar with.

6. A good Focus Group overall.

The facilitator for the second day should have moved the program along quicker -- we had a lot to cover and we are outspoken -- a little more control over our need to express ourselves would have made the pace seem more even. Either that or use the entire second day.

Sign-In

Cynthia A. Dean
NASA Goddard Space Flight Center
Code 219
Greenbelt Road
Greenbelt, MD 20771
(301) 286-9259 FAX: (301) 286-1739
Cynthia.Dean.1@gsfc.nasa.gov

Anita E. Leyba
Walter Reed Army Medical Center
Bldg. T-20, 1st Flr
Directorate of Contracting
Washington, DC 20307-5001
(202) 782-1100/202 782-8247
Evelyn_Leyba_at_WRAMC1_WASHDC@wramc1-amedd.army.mil

Robert M. Booth
Executive Vice President
DEL-JEN, INC.
28441 Highridge Road, Suite 401
Rolling Hills Estates, CA 90274
(301) 544-2299, Fax: 541-5630
djirmb@aol.com

Robin M. Dixon
NASA Goddard Space Flight Center
Library Code 252 Building 21
Greenbelt, MD 20771
(301) 286-9230 FAX: (301) 286-1755
Robin.M.Dixon@sun.gsfc.nasa.gov

David Mackendrick
FEMA HQ
500 C Street SW, rm 408A
Washington, DC 20472
202-646-3753 work (202) 646-2970
David.Mackendrick@fema.gov

Kimberly Ellison
NASA Goddard Space Flight Center
Code 254, Rm 200, Building 18
Greenbelt, MD 20771
301-286-5519 work 301-286-1619 fax
Kimberly.Ellison@gsfc.nasa.gov

Mark E. Selweski
Department of Justice
1331 Pennsylvania Avenue, NW
NPB 1000
Washington, DC 20530
(202) 307-1968, Fax (202) 307-1931
selweski@justice.usdoj.gov

Donna M. Hutton
Walter Reed Army Medical Center
Bldg. T-20, 1st Flr
Directorate of Contracting
Washington, DC 20307-5001
(202) 782-1102/202 782-8247
Donna_Hutton_at_WRAMC1_WASHDC@wramc1-amedd.army.mil

Laura L. Sells
TRICARE Support Office
Contract Management Directorate/Bldg 225
Aurora, CO 80045-6900
(303)361-1020 FAX: (303)361-1154
sellsl@ochampus.mil

Alvin E. Prather
Army Research Laboratory
AMSRL-CS-CC-AQ
2800 Powder Mill Road
Adelphi, Maryland 20782
Voice: 301-394-1636; Fax: 301-394-3972
aprather@arl.mil

C. Joan Miles
Code 3322
Department of The Navy
Carderock Division
NAVAL SURFACE WARFARE CENTER
9500 MacArthur Blvd.
West Bethesda, MD 20817
301-227-1159 work 301-227-3638 fax
miles_carol_j@smtpgate.dt.navy.mil

Christina N. Dossman
Military Traffic Management Command
ATTN: MTAQ-AS
5611 Columbia Pike
Falls Church, VA 22041
703-681-6640
dossmanc@baileys-emh5.army.mil

Wayne L. Evelhoch
U.S. Department of Energy
Office of Management Systems (HR-52)
1000 Independence Ave., S.W.
Washington, D.C.
(202) 586-8242 FAX -0796

Thomas L. Thompson
U.S. Customs Service
1301 Constitution Ave. N.W.
Room 4210
Washington, DC 20229

Kathy McPherson
Dept of Army, III Corps & Ft Hood
Directorate of Public Works, EPS
Bldg 4228, 78th Street
Fort Hood, Texas 76544-8058
COM 817-287-4564
FAX 817-287-9812
mcphersonk@hood-emh3.army.mil

Priscilla A. Lee, Department of Veterans Affairs,
Acquisition Operations & Analysis Service (93A1),
810 Vermont Avenue, NW, Washington, DC 20420,
202-273-8762, E-Mail: leeprimail.vagov